



Working for Your Workers

Immigration: Bordering on Insanity

With immigration on everyone's mind these days, component manufacturers must be aware of all the issues and how they may be affected.

at a glance

- ❑ Under the current immigration system, it is difficult to know for certain whether individuals born in a foreign country have obtained American citizenship.
- ❑ The housing industry will need to build 18 million new homes over the next decade, which will generate over one million new jobs in the industry.
- ❑ Most young American workers are not looking at manufacturing jobs like those in our industry as a viable career choice.
- ❑ The Institute for the Study of International Migration found that immigrants were three times more likely among the adult population to list homeownership as their number one priority.
- ❑ Economists have discovered young immigrants are more likely to eventually become homeowners than their native-born peers.

by Sean D. Shields

A few years ago, a component manufacturer in the southeastern part of the United States encountered a difficult employment situation. One of its best yard workers, José, didn't show up for work. He had been with them for a number of years, rarely ever missed a day, and was always willing to work whenever needed. But on this day, he simply wasn't there.

Instead, a man named Manuel, someone who looked exactly like José, talked exactly like José, and in fact worked exactly as efficiently as José arrived to do the job. He showed them his crisp new social security card and new citizenship documents and told them that the man they knew as José would not show up for work again. What a quandary! The component manufacturer's management did what seemed logical; they fired José for not showing up for work, and hired Manuel to take his position in the yard. In reality, Manuel was José and José was always really Manuel.

The point of this true story is that the component manufacturer found out it had unwittingly hired an illegal immigrant. However, they didn't find this out through the Social Security Administration (SSA) or the Department of Homeland Security (DHS), and they certainly didn't find out through their own investigation. The reality was only uncovered when Manuel came forward after he was naturalized as a U.S. citizen.

Understandably, with the pride he exuded, Manuel was eager to become a U.S. citizen, to start living his own American dream and to start paying into his own Medicare and Social Security—hard-earned money José would never have seen.

The Immigration System Is Broken

Now you may or may not currently face the question: Did I hire a "José"? You may or may not employ several individuals who were born in a different country, but through various means have obtained American citizenship. The real difficulty is that under our current immigration system, it is exceedingly difficult to tell the difference between them.

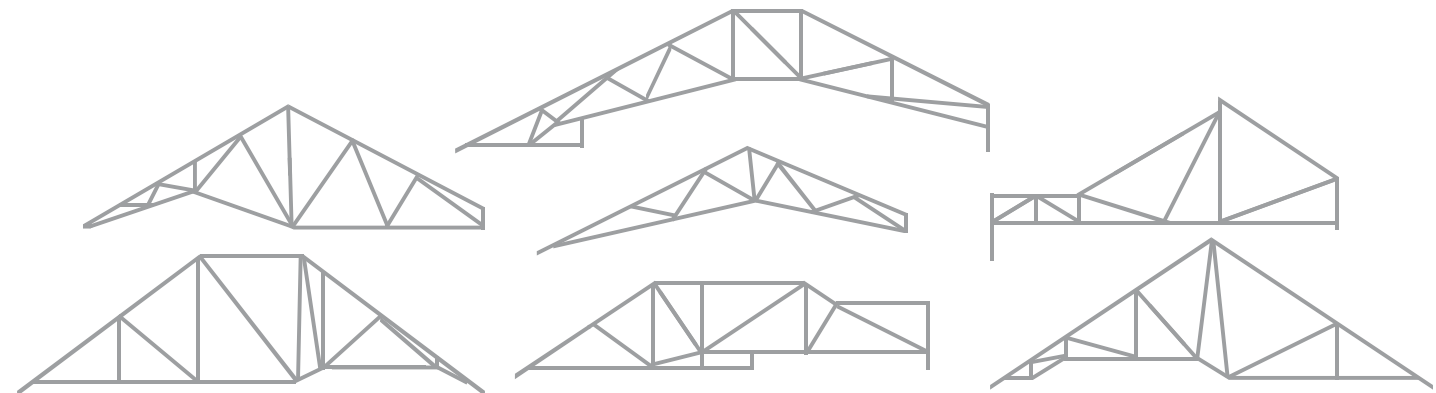
Even if you don't currently employ immigrant workers, it is increasingly likely that your products are being installed by immigrants. Chances are even better that immigrants are installing the drywall and the roof on those homes. Beyond that, the odds are steadily rising that your products are being used to build a residence that will be purchased by an immigrant family.

Our country is continuing to experience an immigration boom not seen since the beginning of the twentieth century, except the first thing these immigrants see of the U.S. is not the Statue of Liberty, but the Golden Gate Bridge, the beaches of Miami or the barrios in Laredo, TX. And just as Ellis Island is now antiquated, so too are much of our immigration laws.

Yet, as Congress seeks to revise and update our immigration system, it is important that our industry remains involved and vocal in this national debate. Because whether its building components, erecting houses with them, or buying homes built with them, our industry relies heavily on immigrants from both an economic

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and workforce perspective. If Congress simply passed harsh enforcement and deportation legislation, the cold hard truth is the consequences could be potentially disastrous for us and our economy.

To better understand the impact immigration system reform may have, let's look closer at current immigration trends and the impact immigrants are having on the structural building components industry and the construction market it supplies. Then we'll turn to the current efforts of Congress and how it could help or harm the situation.

Immigrant Influx with a Twist

According to the U.S. Census Bureau¹, in 1990, non-native residents numbered 19.8 million and made up 7.9 percent of the U.S. population. By 2003, their ranks had soared to 33.5 million—nearly a 70 percent increase—and they made up almost 12 percent of the population. The Pew Hispanic Center in Washington, DC recently estimated 12 million of these immigrants are here illegally², while other sources, like DHS, push that estimate closer to 18-20 million.

This influx represents a significant departure from our nation's historical trends in immigration growth. According to a 2004 study published by the Brookings Institution, the U.S. foreign-born population grew 57.4 percent during the 1990s.³

It is important to note that these immigrants aren't settling in traditional regions of the country. The Institute for the Study of International Migration (ISIM) at Georgetown University compared the 2000 Census to the 1990 Census, and found the most significant changes (over 200 percent increases) in foreign-born populations occurred in Tennessee, North Carolina and Georgia, and large increases (100-200 percent) in Alabama, South Carolina, Arkansas, Kentucky, Missouri, Iowa and Minnesota.⁴

Immigrants are also taking jobs in our industry and related trades. In California, Nevada, Texas, Arizona and the District of Columbia, more than a third of all construction workers are immigrants. In New York, Florida and New Jersey, immigrants account for more than a quarter of all construction workers.⁵ Interestingly, reliance on foreign-born labor now spreads outside of these traditional immigrant magnets and is evident in states like Colorado, Georgia, Illinois and North Carolina.

Where are immigrants coming from? According to the 2004 American Community Survey (ACS), conducted by the U.S. Census Bureau⁶, while construction workers come from all over the world, the majority—54 percent—come from Mexico. An additional 25 percent come from other countries in Central and South America. Together, the Western Hemisphere accounts for 80 percent of all immigrant construction workers in the United States.

Finally, ISIM also found that over a quarter of the overall household growth in this country is attributable to immigrant populations. In a recent study, they discovered immigrants were three times more likely among the adult population to list homeownership as their number one priority.

Impact: Direct Employment

This huge influx of immigrants has and will continue to have a significant impact on the structural building components industry. Let's start with the primary impact: direct employment. You are well aware that a skilled and productive workforce is a critical factor in maintaining competitiveness in the manufacturing sector. Yet, many companies that manufacture building components, possibly even yours, are experiencing serious workforce shortages, and the pool of qualified job candidates is shrinking.

Regardless of economic performance, the National Association of Manufacturers (NAM) projects by 2020 the U.S. will face a dramatic shortage of employees with the kind of skills necessary for modern manufacturing⁷. Entry level workers, operators, assembly line workers, and all technical staff positions are affected by this shortage. In turn, these labor shortages not only affect you, but they will also have the potential to cause delays in construction and add to the cost of constructed buildings.

Opportunities for young people to move up the career ladder within the structural building components industry are tremendous. Yet, thanks in no small way to a sociological shift in this country away from manufacturing, studies done by NAM⁸ show the number of young people entering jobs in the skilled trades continues to diminish. Most young American workers are simply not looking at manufacturing jobs like those in our industry, as a valuable career choice.

Alternatively, immigrant populations have shown an eagerness to fill these types of jobs, perform them well, and are finding that the career development opportunities are valuable to them.

Impact: House Construction

The second impact immigration has on our industry is from its effect on residential construction. The National Association of Homebuilders (NAHB) estimates that the housing industry will need to build 18 million new homes over the next decade, which will generate over one million new jobs in that industry.⁹ Who is going to fill all those new jobs?

Before you answer, consider this: According to the U.S. Census¹⁰, national employment has grown by 1.6 percent since 2000, but employment in residential construction swelled by almost 29 percent. That's nearly two million additional jobs, and NAHB studies show that 50 percent of them were filled by foreign-born workers.¹¹ Today, they estimate that nearly 23 percent of the residential construction work-

force nationwide is comprised of immigrant workers.

For those of you who have spent time on a housing jobsite recently, these figures are probably not surprising. Taken in the context of overall construction, they shouldn't be surprising either. The 2004 American Community Survey (ACS)¹², conducted by the U.S. Census Bureau, showed that immigration provides a large share of the construction industry's workforce.

While only four percent of native born citizens work in the construction industry, one out of ten immigrants coming from the Americas goes into construction. Remarkably, the Census Bureau's ACS reports that one out of every eight Mexican immigrants currently works in the construction industry. This tendency is even more prominent among Mexicans who have recently arrived, with almost 15 percent of those who arrived after 2000 working in construction.

The two most prevalent construction trade occupations, carpenters and construction laborers, account for almost 30 percent of overall construction employment. According to the ACS, about 22 percent of the carpenters and 32 percent of the construction laborers are immigrant workers. Among painters, masons and roofers, almost a third of the workers are immigrants.

Impact: Homebuyers

Finally, as immigrants settle on American soil, they buy homes. Their contribution to overall home purchases has a significant impact on structural building components industry as it continues to drive the demand for these products. The only difference between immigrant homebuyers and native homebuyers is the way in which they approach the purchase.

Several economists, including Gary Painter, Director of Research at the University of Southern California's Lusk Center for Real Estate, have found through numerous studies immigrants can take anywhere from 10-15 years after their arrival to buy their first house.¹³ Understandably, it takes that long for these individuals or families to build up their incomes, assets, comfort with the language and familiarity with the U.S. housing market.

At the same time, Painter and fellow economists have discovered young immigrants are much more likely to eventually become homeowners than their native-born peers.¹⁴ As immigrant children grow up in the U.S., the importance of home and landownership is generally given much higher priority than in native-born households.¹⁵ While these young people are likely to be in high school by the time their parents are able to purchase a home, they become eager and prospective homebuyers as soon as they graduate from college—while their native-born peers are more likely to initially rent or even move back in with their parents.

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Painter and his colleagues also discovered foreign-born homebuyers tend to differ from their native-born counterparts in that they are more likely to have multiple streams of income supporting one mortgage. In short, more people in the household are working, or that two or more families are pitching in to buy one home. This tends to lead to higher demand for larger houses with more bedrooms in areas where immigrants are choosing to settle.

Immigration Reform

According to the Center for Immigration Studies¹⁶ in Washington, DC, approximately one million immigrants receive permanent U.S. residency annually through naturalization, green cards or work visas. One could argue our immigration system works just fine looking at that number alone. However, as legal immigration has grown, so too has illegal entry into this country.

The Census Bureau estimates a net increase of 500,000 illegal immigrants annually. For example, in 1999 Immigration and Naturalization Service (the INS has since been rolled into the Department of Homeland Security) estimated that 968,000 new illegal immigrants settled in the U.S.¹⁷ This number was offset by 210,000 illegal immigrants who either died or returned home on their own, 63,000 who were removed by INS and 183,000 who were given green cards as part of the legal immigration process.

The fact that the Rio Grande River, as opposed to the Atlantic or Pacific Oceans, is now the most substantial obstacle for illegal immigrants to overcome is a perfect example of why our current immigration system is broken. The U.S. House of Representatives started down the path toward immigration system reform when it passed H.R. 4437, the "Border Protection, Antiterrorism and Illegal Immigration Control Act of 2004," in December 2005.

H.R. 4437 is considered an "enforcement only" bill, which includes significant funding for additional border patrol, and even pays for the construction of a physical wall along portions of the U.S.-Mexico border. It also threatens immediate deportation of the 12-20 million illegal immigrants and classifies them as "felons," permanently barring them from obtaining legal status in the future. Finally, it establishes strict new employment reporting requirements and includes stiff fines of up to \$25,000 to employers for each illegal immigrant worker they have hired.

However, will this enforcement-only approach solve the problem of illegal immigrants? According to the Pew Hispanic Center, recent efforts to curb illegal immigration by securing our southern border with Mexico has resulted in the unintended consequence of illegal immigrants staying in the U.S. longer because it is more difficult to move back and forth across the border.

As an employer, the rise in a parallel illegal activity makes this situation more complex. Forged citizenship documents are not as difficult to come by as one would hope. In addition, even when the Social Security Administration sends a letter warning of "discrepancies" with certain numbers, they strictly advise that no employment action should be taken against those individuals. [To view a copy of this letter, visit **Support Docs** at www.sbcmag.info.] If H.R. 4437 were to become law (e.g., approved by the U.S. Senate and President Bush), there is concern that many legal immigrants will be hesitant to seek employment for fear there may be a complication with their documentation, and employers may avoid hiring anyone who appears to be an immigrant for fear of fines or incarceration. The implications to our overall economy are significant.

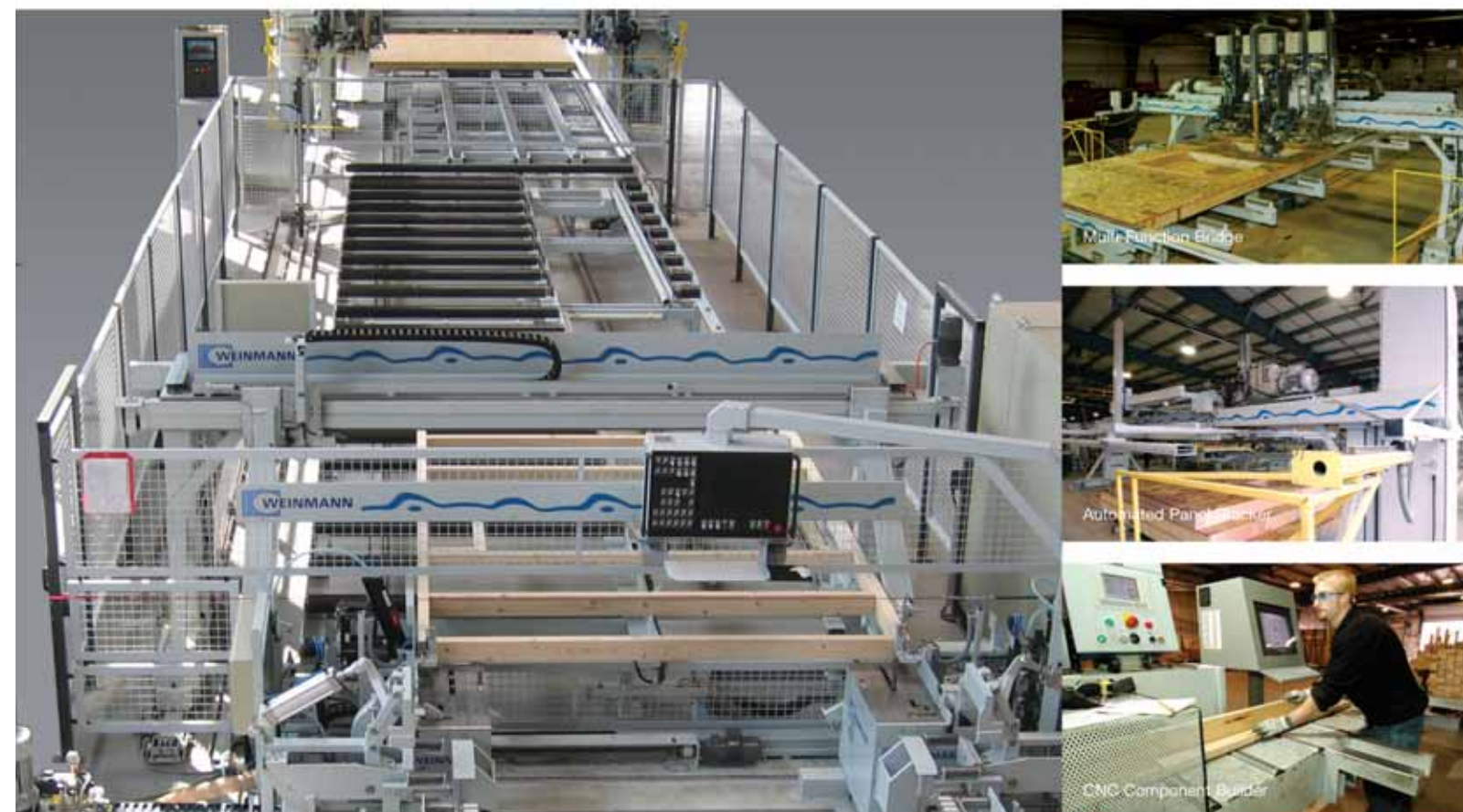
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More recently, the U.S. Senate took up debate on the immigration issue, prompting mass immigrant protests and rallies across the country against the harsh provisions of H.R. 4437. After one unsuccessful attempt to pass legislation, the Senate eventually passed S. 2611, the "Comprehensive Immigration Reform Act." The Senate bill includes many of the same critical reforms to our nation's immigration system found in H.R. 4437, but it also includes an expanded guest worker visa program. In addition, S. 2611 creates a legal path for immigrants to remain in the U.S., obtain permission to work, and eventually earn a green card.

gateway cities: Established "gateway cities" still have the largest populations of settled immigrants: New York (where, according to the 2000 U.S. Census, 24.4 percent of the population was foreign-born), Chicago (16 percent), Miami (40.2 percent), Los Angeles (30.9 percent), San Francisco (27 percent), and San Diego (21.5 percent). But economists have found differences between the 1990 and 2000 Census records that indicate there are at least fourteen "emerging gateway cities" with significant immigrant populations: Atlanta, Boston, Dallas, Denver, Houston, Las Vegas, Orlando, Philadelphia, Phoenix, Sacramento, Seattle, Tampa, Washington, D.C./Baltimore, and West Palm Beach.¹⁸

Since these two pieces of legislation are drastically different, both bills must be considered by a conference committee made up of both members of the U.S. Senate and House of Representatives. Members of that committee will be charged with addressing the discrepancies in language between H.R. 4437 and S. 2611, and negotiating compromise language and provisions that will become a new piece of legislation. That new bill will then be sent to both the House and Senate to consider and pass. If both chambers agree on this compromise language, it will go to President Bush for his signature. If they don't agree, most experts have concluded that immigration reform will likely not occur until at least next year.

Conclusion

Our nation is experiencing an immigration boom it hasn't witnessed since the Great Wave in 1910 when Europeans came to the U.S. on a train of ocean liners. These immigrants play a significant role in the structural building components industry, either as employees, construction workers or homebuyers. Increasingly, they are settling outside traditional "gateway" cities, and are subsequently making their presence known in every region of the country.

However, the steady rise in illegal immigration, aided in large part by the insufficient barrier along the Mexican border and coupled with a vibrant labor demand in the U.S., has stressed our immigration system to the breaking point. Unfortunately, employers like you are caught in the crosshairs as a rise in counterfeit documentation makes legal and illegal immigrants seemingly identical at the point of hire.

As Congress seeks to tighten and secure our nation's borders, and turn back the tide of illegal immigration, it is important to remain aware of the significant impacts any action may have on the workforce of the structural building components industry, and the health of the housing construction market upon which our national economy relies. **SBC**

*To see a copy of WTCA's talking points on immigration reform and for a complete list of references for this article, visit **Support Docs** at www.sbcmag.info.*



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