



Lifting the Economy Up Without a Helping Hand: Illinois Undocumented Immigrant Workers in the COVID-19 Pandemic

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Introduction

The COVID-19 pandemic has hit the U.S. economy in an unprecedented way. About 20.5 million people have lost their jobs. In April the unemployment rate had already skyrocketed to 14.7%.¹ Illinois has felt the pandemic-caused economic recession harder than some states particularly because Governor J.B. Pritzker's stay-at-home executive order locked down many non-essential businesses, resulting in a surge of the unemployment rate to the historical high of 16.4%.²

To cope with the current employment crisis, the federal government sent relief checks to American working families. However, many tax-paying undocumented immigrants and non-immigrant foreign-born workers in the U.S. are excluded from the supports sent to other tax-payers. It is estimated that in 2018 the country's undocumented population is about 10.6 million and 7.6 million were undocumented workers in 2017.³

Undocumented immigrants constitute a critical proportion of the national workforce that sustains essential businesses during the current pandemic crisis. A quarter of farmworkers and eight percent of service sector and production workers are likely unauthorized immigrants.⁴ In addition, contrary to general belief, undocumented and documented immigrant workers contribute sizeable tax revenues to the government. More than \$13.7 billion in net taxes were paid in 2015 by non-citizens using Individual Tax Identification Numbers (ITIN).⁵ These individuals do not have a Social Security number and hence are not eligible for social security benefits.

Despite their economic contribution, undocumented immigrants are in a dire position. They must choose to either go to work and risk the COVID-19 contagion, or lose their only source of income.⁶ Whereas most American workers who are not able to work remotely face a similar dilemma, immigrant workers are particularly vulnerable to economic hardships because they are not eligible for unemployment benefits. They are also less likely to be covered by any form of health insurance, and therefore susceptible to elevated health risks. Lower health insurance coverage also restrains undocumented workers from getting tested and treated. The increased virus exposure in turn raises the risk of community spread among non-immigrant populations.

In this report we chronicle the employment conditions, health insurance coverage, and wages of Illinois' vulnerable undocumented immigrant workers. We then propose

¹ <https://www.bls.gov/news.release/pdf/empsit.pdf>

² <https://www.bls.gov/news.release/pdf/laus.pdf>

³ <https://www.americanprogress.org/issues/economy/news/2020/04/16/483329/phase-4-coronavirus-relief-bill-must-include-protections-undocumented-immigrants/>

⁴ <https://www.vox.com/2020/5/5/21244630/undocumented-immigrants-coronavirus-relief-cares-act>

⁵ <https://www.americanprogress.org/issues/economy/news/2020/04/16/483329/phase-4-coronavirus-relief-bill-must-include-protections-undocumented-immigrants/>

⁶ <https://news.wttw.com/2020/05/06/pandemic-creates-hard-choices-low-income-essential-workers?>

adopting a form of universal health insurance coverage and temporary financial supports to ameliorate the economic hardships of undocumented immigrants and their family. The recommendations are also meant to keep all Illinois residents safe from the pandemic.

Essential Sectors Sustained by Undocumented Immigrants⁷

Illinois hosts a considerable number of undocumented immigrants who continue to work at front-line positions in essential businesses. Based on tabulation from the 2018 American Community Survey (Table 1), there are 259,242 Illinois undocumented immigrant workers, constituting 4.6% of Illinois’ total employment.

Undocumented immigrant workers, however, constitute a larger proportion of the essential sector employment (5.3%) that sustains the current pandemic economy. For example, about 30.8% of workers in Illinois’ meat-processing occupations, such as butchers, meat cutters and trimmers, slaughterers and meat packers are likely undocumented immigrant workers.⁸ At the same time, undocumented workers are at a higher risk of being unprotected from the virus. For example, they constitute 4.7% of all face-to-face employments but only 3.2% of the jobs that allow remote working arrangements.

Table 1: Undocumented Workers by Worker Type

	Essential	Face-to-face	Remote	All types
Number	142,880	69,412	46,950	259,242
% of all Illinois workers	5.3%	4.7%	3.2%	4.6%

Note: Data from American Community Survey 2018, age 18 to 64.

A Lower Health Insurance Coverage for Undocumented Immigrant Workers

Despite their contribution to sustaining the current pandemic economy in essential business sectors, immigrant workers are at a higher risk of being sick without health insurance coverage. As widely reported on May 1, Amazon’s warehouse and grocery store workers and Instacart’s and Shipt’s gig workers walked off the job demanding workplace safety protections from COVID-19.⁹ Many of these essential workers felt unprotected in their workplaces without proper facemasks and gloves. A recent survey of Massachusetts’ essential workers revealed that 67% of grocery and retail workers feel

⁷ We explain how we define undocumented immigrants and essential sectors in our method appendix.

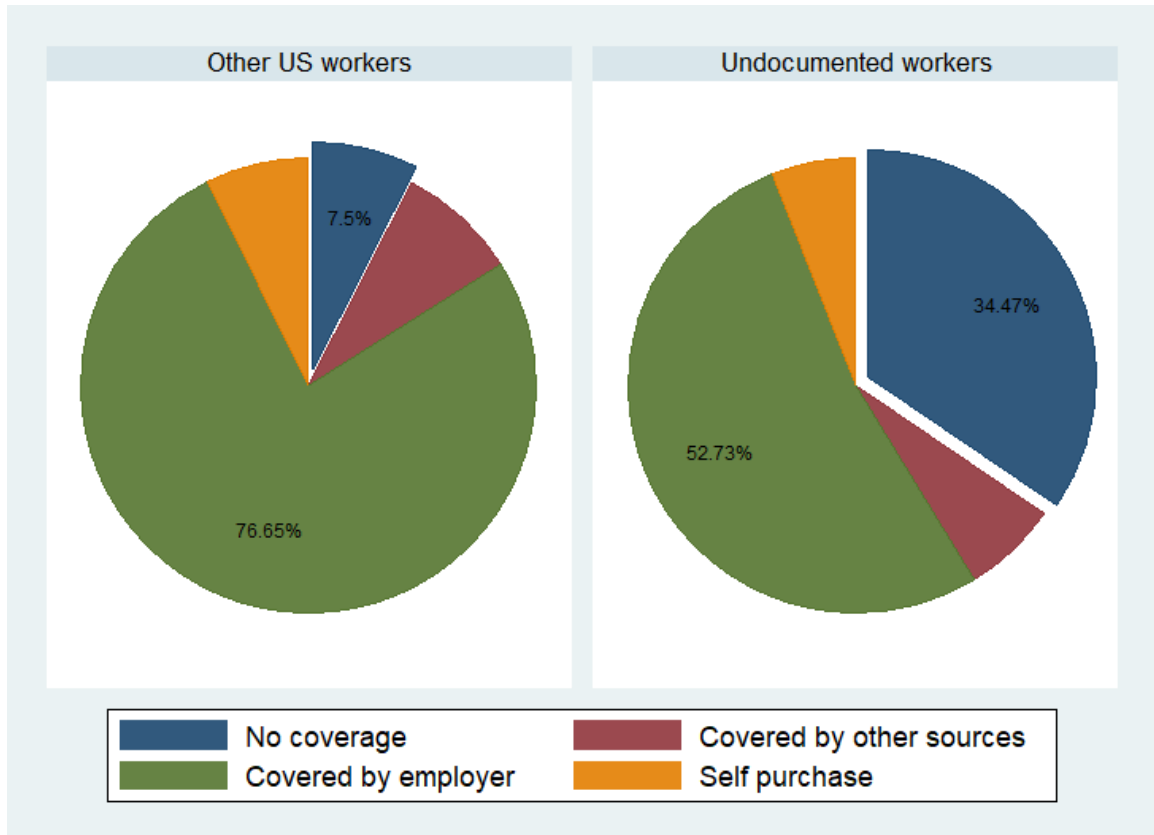
⁸ It is estimated from the ACS 2014-2018 five-year data. About 4,424 workers out of all 14,328 workers in Standard Occupation Codes, 51-3021, 51-3022, 51-3022 are likely undocumented immigrants.

⁹ <https://www.washingtonpost.com/technology/2020/05/01/amazon-instacart-workers-strike/>

unsafe at work.¹⁰ This percentage was greater than for healthcare workers. Low-wage workers particularly lack access to safety measures like masks and hand sanitizer.

Illinois undocumented workers lack health insurance coverage at higher rates than the other Illinois workers. While 92.5% of Illinois workers are provided with health insurance from some source, only about 65% of undocumented workers are covered (Figure 1). Employer provided insurance in particular is available to undocumented immigrants at far lower rates (52.7%) than for all Illinois workers (76.7%). Approximately 89,438 undocumented immigrant workers do not have health insurance. Undocumented workers who do not have health insurance are far less likely than other employees to get medical help when they are sick.

Figure 1. Health Insurance Coverage for Illinois Undocumented Workers and Other Workers in 2018



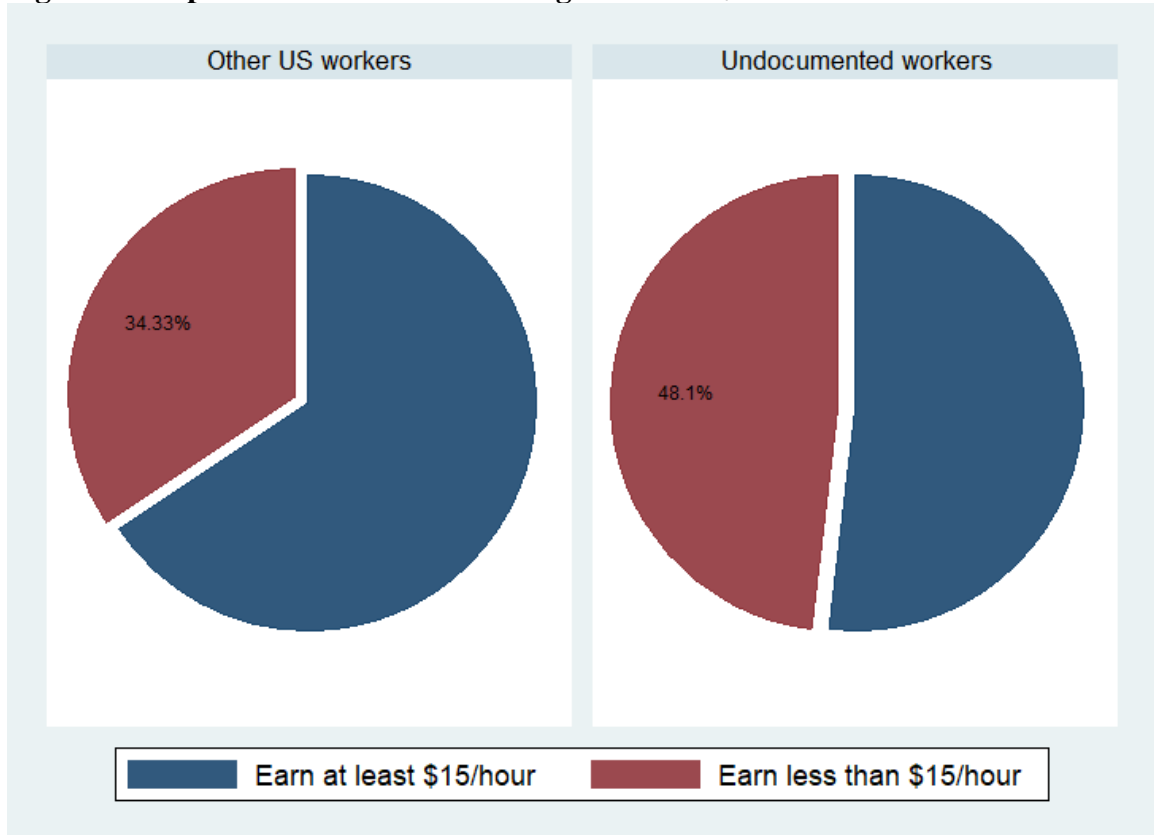
Note: Sample is restricted to individuals whose age between 18 to 64, in the labor force, and work in Illinois. Data is from the American Community Survey in 2018.

¹⁰ Hammonds, Clare and Jasmine Kerrissey. (2020). ““We are not heroes because it is not a choice”: A Survey of Essential Workers’ Safety and Security During COVID-19” University of Massachusetts Amherst Labor Center. <https://www.umass.edu/newsoffice/article/survey-essential-workers-umass-labor>

Undocumented Immigrant Workers Earn Less

Immigrant workers' earnings are relatively lower than other U.S. workers' except in select occupations. Low-wage employment is particularly concentrated among undocumented immigrant workers. About 48% of Illinois undocumented workers earn below \$15 per hour, while 34% of other workers do so (Figure 2). This means that approximately 124,695 undocumented immigrant workers may not be able to afford to take time off from work to protect them from the COVID-19, especially in the absence of paid sick leave. Illinois remains one of the 38 states that does not mandate paid sick leave for its labor force.¹¹

Figure 2. Proportion of Workers Earning Less than \$15/hr



Note: Sample is restricted to individuals whose age between 18 to 64, in the labor force, and work in Illinois. Data is from the American Community Survey in 2018.

¹¹ Manzo, Frank, Robert Bruno, and Jill Gigsted. (2020). *Enacting Paid Sick Leave in Illinois The COVID-19 Pandemic Highlights the Need for Paid Sick Leave* at <http://publish.illinois.edu/projectformiddleclassrenewal/files/2020/03/ILEPI-PMCR-Enacting-Paid-Sick-Leave-in-Illinois-FINAL.pdf>.

Double Penalties for Being Essential Workers

The lower rates of health insurance coverage and the higher rates of low income persist for undocumented workers even after controlling for human capital, gender, age, race, and geography (county). Table 2 summarizes coefficients of undocumented immigrants from Ordinary Least Squares (OLS) regressions on health insurance and earnings. Compared to other workers, undocumented immigrants in Illinois are 19.3% less likely to be covered by any type of health insurance plan, and are 15.5% less likely to have employer-sponsored health insurance. At the same time, they are 6.0% more likely to earn less than \$15 per hour.

Table 2. Coefficients of Undocumented Immigrants from OLS Regressions on Health Insurance Coverage and Earning Less than \$15/hr

VARIABLES	Health Insurance Coverage (Any)	Health Insurance Coverage (Employer)	Earn below \$15/h
Undocumented	-0.193*** (0.008)	-0.155*** (0.012)	0.060*** (0.009)
Constant	0.759*** (0.015)	0.463*** (0.020)	0.887*** (0.031)
Observations	54,275	54,275	54,275
R-squared	0.091	0.082	0.157

Note: Sample is restricted to individuals whose age between 18 to 64, in the labor force, and work in Illinois. Data is from the American Community Survey in 2018. Standard errors in the parentheses are clustered at the county level. ***, **, and * correspond to the 1%, 5%, and 10% significance level, respectively.

Additionally, undocumented immigrant workers in essential sectors are doubly penalized as they are less likely to have health insurance coverage and more likely to earn below \$15 per hour than other workers in non-essential businesses.

Table 3 shows that essential and face-to-face workers regardless of citizenship status are also more burdened than remote workers: they have lower earnings and are less likely to have health insurance coverage. However, the interaction terms show that undocumented immigrants face an extra penalty, especially for those who are essential workers. For example, among essential workers, Illinois undocumented immigrants are 15.4% less likely to have employer-sponsored health insurance and 15.5% more likely to earn wages below \$15 an hour.

Table 3: Extra Health Insurance and Compensation Penalty for Essential Workers who are Undocumented Immigrants

VARIABLES	Health Insurance		
	Health Insurance Coverage (Any)	Coverage (Employer)	Earn below \$15/h
Essential (ref. remote)	-0.021*** (0.004)	-0.038*** (0.009)	0.028 (0.023)
Face-to-face (ref. remote)	-0.063*** (0.007)	-0.151*** (0.011)	0.176*** (0.009)
Undocumented	-0.054** (0.020)	-0.064** (0.028)	-0.025 (0.030)
Essential × Undocumented	-0.204*** (0.020)	-0.154*** (0.026)	0.155*** (0.023)
Face-to-face × Undocumented	-0.122*** (0.037)	-0.058 (0.044)	0.042 (0.054)
Constant	0.802*** (0.013)	0.554*** (0.018)	0.789*** (0.041)
Observations	54,275	54,275	54,275
R-squared	0.101	0.100	0.178

Note: Sample is restricted to individuals whose age between 18 to 64, in the labor force, and work in Illinois. Data is from the American Community Survey in 2018. Standard errors in the parentheses are clustered at the county level. ***, **, and * correspond to the 1%, 5%, and 10% significance level, respectively.

Policy Recommendation

Like many American workers, Illinois undocumented immigrant workers face economic and health hardships from the COVID-19 pandemic. However, undocumented immigrants experience the impact more severely than others because they are not eligible for the government’s emergency relief packages and other social security benefits, like unemployment insurance. As a result, many undocumented immigrant workers, who constitute a large segment of essential business employments, are compelled to work under dangerous conditions without access to health insurance coverage during the pandemic.

Therefore, to protect Illinois undocumented immigrant workers from the COVID-19 disease, and to sustain the current essential services provided to all Illinois residents during the pandemic, the state should take the following steps:

1). Expand health insurance coverage to all Illinois residents regardless of citizenship status.

Illinois' three largest insurers (Aetna, Cigna, Humana) have pledged to waive the patients' share of costs related to COVID-19 treatment.¹² The lab testing is currently covered by the federal Centers for Disease Control and Prevention (CDC) and the Illinois Department of Public Health (IDPH) as the President declared the current pandemic as a public health emergency.¹³ However, that would still not be enough coverage because many Illinois undocumented immigrants - workers in essential businesses in particular - have no health insurance coverage at all. Adopting some form of universal health insurance coverage for the uninsured, even temporarily until the end of the pandemic, would protect the state's most vulnerable people from the virus. It would also reduce the possible community spread to other Illinois residents by allowing undocumented workers to be tested and treated in a timely manner.

2). At the same time, temporary financial supports are necessary for undocumented immigrant workers who are excluded from the emergency relief packages.

For example, the fiscal year 2021 budget bill recently passed in Illinois included \$396 million to the Illinois Housing Development Authority to fund emergency rental and mortgage assistance to individuals impacted by COVID-19.¹⁴ This support however should be made available to applicants, regardless of citizenship status. Subsidized government housing assistance in Illinois has been withheld to mixed-status families that include any undocumented immigrants.

Undocumented workers are not eligible for unemployment benefits or housing assistance, but they work in essential jobs for low wages and contribute tax revenues to the state.

California, for example, initiated the Disaster Relief Assistance for Immigrants Project¹⁵, a \$75 million cash assistance program, which will be available to 150,000 undocumented immigrants on a first-come first-served basis. New York city also raised a 20 million dollar fund for one-time emergency relief to undocumented immigrant workers and their families.¹⁶

Emergency financial supports would ameliorate the financial burdens to Illinois undocumented immigrant families. They would also properly recognize the critical economic and medical care contributions that all immigrant workers are providing to Illinois citizens.

¹² <https://www.nprillinois.org/post/good-news-caveats-some-insurers-waive-costs-patients-covid-19-treatment#stream/0>

¹³ <https://insurance.illinois.gov/healthInsurance/COVID-19.html>

¹⁴ <https://ilhousedems.com/2020/05/24/rep-delia-c-ramirez-secures-relief-for-renters-and-homeowners-impacted-by-covid-19/>

¹⁵ <https://www.nytimes.com/2020/05/18/us/coronavirus-undocumented-california.html>

¹⁶ <https://www1.nyc.gov/office-of-the-mayor/news/262-20/mayor-de-blasio-new-york-city-covid-19-immigrant-emergency-relief-program-open>

APPENDIX: METHODS

1. Defining undocumented immigrants

We define “likely undocumented immigrants” using the seven criteria that Borjas (2017)¹⁷ identified, which include: arrived to the U.S. after 1980, has no U.S. citizenship, has not received any Social Security Income, has not served in the military, not employed in governments, not born in Cuba, and not working in occupations that require a license.

2. Classification of essential, face-to-face, and remote workers.

We classified “essential,” “face-to-face,” and “remote” industries using the scheme in Manzo and Bruno’s (2020) report¹⁸. However, because the report is based on the 2012 Industry codes, we recoded following industries in our 2018 ACS industries to the 2012 codes. (5593=5590) (6991/6992=6990) (7071/7072=7070) (7181=7180) (8191/8192=8190) (8561/8564=8560) (8891=8880).

¹⁷ Borjas, George. (2017). “The labor supply of undocumented immigrants.” *Labour Economics* 46:1-13.

¹⁸ Manzo, Frank and Robert Bruno. (2020). *The Effects of the Global Pandemic on Illinois Workers An Analysis of Essential, Face-to-Face, and Remote Workers During COVID-19*