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Mexican Workers in the United States: A Comparison with Workers from Social Security Totalization Countries

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Alison Siskin
Analyst in Social Legislation
Domestic Social Policy Division

Gerald Mayer
Economic Analyst
Domestic Social Policy Division

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Summary

On June 29, 2004, the United States and Mexico signed a Social Security totalization agreement, the effects of which depend on the yet to be disclosed language of the agreement. A totalization agreement coordinates the payment of Social Security taxes and benefits for workers who divide their careers between two countries. The agreement has not been transmitted to Congress for review, which is required under law before the agreement can go into effect. This report does not attempt to estimate the potential cost of a totalization agreement with Mexico, or reach a conclusion on the effects of such an agreement on U.S. workers and employers. Instead this report explores one of the issues concerning such an agreement. Using different socio-economic characteristics, the report compares persons born in Mexico and living in the United States (both naturalized U.S. citizens and noncitizens) with persons born in the current totalization countries and living in the United States.

The Social Security program provides monthly cash benefits to qualified retired and disabled workers, their dependents, and survivors of deceased workers. Generally, a worker must have 10 years of Social Security-covered employment to be eligible for retirement benefits (less time is required for disability and survivor benefits). Most jobs in the United States are covered under Social Security. Noncitizens (aliens) who work in Social Security-covered employment must pay Social Security payroll taxes, including those who are in the United States working temporarily and those who may be working in the United States without authorization. There are some exceptions. Generally, the work of aliens who are citizens of a country with which the United States has a "totalization agreement" is not covered by Social Security if they work in the United States for less than five years. In addition, by statute, the work of aliens under certain visa categories is not covered by Social Security. Currently, since Mexico meets the definition of a "social insurance country," a Mexican worker may receive U.S. Social Security benefits outside the United States. Family members of the Mexican worker must have lived in the United States for at least five years to receive benefits outside the United States, but typically under a totalization agreement this requirement is waived.

This report concludes that the Mexican population in the United States has a different socio-economic profile than both U.S. citizens and persons (both naturalized U.S. citizens and noncitizens) from current totalization countries. Workers from totalization countries tend to have more education and higher earnings than workers born in the United States or in Mexico. Noncitizens from Mexico tend to be younger and have higher labor force participation rates than naturalized U.S. citizens from Mexico, and other U.S. citizens. In addition, Mexican noncitizens and naturalized U.S. citizens from Mexico in the U.S. labor force tend to have more dependents in their U.S. households. Because Mexican workers may have lower lifetime earnings, they may receive a higher replacement rate, relative to the payroll taxes they pay, than workers with higher lifetime earnings, such as U.S. citizens and noncitizens from the totalization countries. This report will not be updated.

Contents

List of Figures

List of Tables

Mexican Workers in the United States: A Comparison with Workers from Social Security Totalization Countries

The Social Security Act allows the President to enter into a "totalization" agreement with another country. For persons who work in one country but are citizens of another, a totalization agreement coordinates the collection of payroll taxes and the payment of benefits under each country's Social Security system. In June 2004, the Social Security Administration (SSA) signed a totalization agreement with Mexico. Totalization agreements are subject to congressional review. Therefore, an issue for Congress is how to respond, if and when the President sends the agreement to Congress.

Overview of Noncitizen Eligibility for Social Security[1]

Basics of the Social Security Program

The Social Security program provides monthly cash benefits to retired and disabled workers and their dependents, and to the survivors of deceased workers.[2] To qualify for benefits, generally workers (whether citizens or noncitizens[3]) must work in Social Security covered jobs for 10 years[4] (less time is needed for disability and survivor benefits, depending on the worker's age). Noncitizens must also meet other eligibility requirements discussed below.

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[1]For detailed information on social security benefits for noncitizens, see CRS Report RL320004, *Social Security Benefits for Noncitizens: Current Policy and Legislation*, by Dawn Nuschler and Alison Siskin.

[2]The Social Security program is administered by the Social Security Administration (SSA). SSA also administers the Supplemental Security Income (SSI) program, a *means-tested* entitlement program. Eligibility requirements for noncitizens differ under Social Security and SSI. For more information on noncitizen eligibility for SSI, see CRS Report RL31114, *Noncitizen Eligibility for Major Federal Public Assistance Programs: Policies and Legislation*, by Ruth Ellen Wasem and Joe Richardson.

[3]An *alien* is "any person not a citizen or national of the United States" and is synonymous with *noncitizen*. Aliens/noncitizens include persons who are legally present and those who are in violation of the Immigration and Nationality Act (INA).

[4]More specifically, to qualify for benefits workers must work in Social Security-covered jobs for 40 quarters.

The Social Security program is financed primarily by mandatory payroll taxes levied on wages and self-employment income, which are paid by the worker and the worker's employer. Noncitizens, or aliens, who work in Social Security-covered employment must pay Social Security payroll taxes, including those who are in the United States working temporarily and those who may be working in the United States without authorization.[5] There are some exceptions.[6] Generally, the work of aliens who are citizens of a country with which the United States has a "totalization agreement" (see below) is not covered by Social Security if they are sent by a firm in their home country to work in the United States for fewer than five years. Most jobs in the United States are covered under Social Security (about 96% of the work force is required to pay Social Security payroll taxes).[7]

Benefit Formula. Social Security benefits are computed by applying a benefit formula to the worker's lifetime taxable earnings, indexed to reflect the growth in average wages over time. An average monthly earnings amount (known as the worker's Average Indexed Monthly Earnings or AIME) is computed based on the 35 highest years of covered earnings.[8]

The Social Security benefit computation formula is progressive, as it uses "bend points" to return higher percentages of a lower-wage worker's lifetime indexed earnings, computed on a monthly basis. For 2005, the bend points used in the benefit formula are $627 and $3,779 per month.[9] If all or most of a worker's indexed earnings fall under the first or second bend point, they will see a higher replacement rate of average monthly earnings as compared to those whose earnings are above the

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[5]For Social Security payroll taxes to be withheld from wages, a worker must provide a Social Security Number (SSN) to his/her employer. An alien who is working in the United States without authorization: (1) may have a valid SSN because he/she worked in the United States legally and then fell out of status; or (2) may be using a stolen or "bogus" SSN.

[6]For example, by statute, the work of aliens under certain visa categories (such as H-2A agricultural workers, F and M students) is not covered by Social Security.

[7]In 2005, Social Security-covered workers and their employers each pay 6.2% of earnings up to $90,000 (this amount is indexed to average wage growth). The self-employed pay 12.4% on net self-employment income up to $90,000, and they may deduct one-half of payroll taxes from federal income taxes.

[8]If the worker has fewer than 35 years of covered earnings, zeros are entered in the benefit formula. The numerator is the sum of the 35 highest years of earnings, indexed to average wage growth. The denominator is the number of months in the 35-year computation period (420 months).

[9]The basic benefit formula for persons or their survivors who become eligible for old-age insurance or disability insurance benefits in 2005, or who die in 2005 before becoming eligible for benefits, is: 90% of the first $627 of AIME, plus 32% of AIME over $627 through $3,779, plus 15% of AIME over $3,779. For more information see CRS Report 94-27, *Social Security: Brief Facts and Statistics*, by Gary Sidor.

bend points. This is often referred to as the "tilt" in the Social Security benefit formula.[10]

Noncitizen Eligibility for Social Security

Due to a recent change in the law,[11] a noncitizen who files an application for benefits based on a Social Security Number (SSN) assigned *on or after* January 1, 2004, is required to have work authorization at the time an SSN is assigned, or at some later time, to gain insured status under the Social Security program. If the individual was authorized at some point to work in the United states, all of his/her Social Security-covered earnings will count toward insured status. If the individual was *never* authorized to work in the United States, none of his/her earnings will count toward insured status.[12] A noncitizen who files an application for benefits based on an SSN assigned *before* January 1, 2004, is not subject to the work authorization requirement. All of the individual's Social Security-covered earnings will count toward insured status, regardless of his/her work authorization status.[13]

Because Social Security is an *earned* entitlement program, there are few restrictions on benefit payments once a worker becomes entitled to benefits. Nonetheless, noncitizens in the United States must be "lawfully present" to receive benefits in the United States.[14] If a noncitizen is entitled to benefits, but does not meet the lawful presence requirement, his/her benefits are suspended. In such cases, a noncitizen may receive benefits while residing outside the United States (including benefits based on work performed in the United States while the alien lacked authorization to work) if he/she meets one of the exceptions to the "*alien nonpayment provision*."[15] Under the alien nonpayment provision, a noncitizen's benefits are suspended if he/she remains outside the United States[16] for more than six consecutive

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[10]Although Social Security benefits are not based on a worker's taxes, a comparison of taxes paid to benefits received shows that lower-wage earners receive a higher return on their taxes than higher-wage earners. Similarly, when benefits in the first year of retirement are compared to a worker's final earnings, lower-wage earners have a larger percentage of their earnings replaced by benefits. This so-called "tilt" in the program is deliberate and has existed since its inception. It is one of the social insurance features of the program, reflecting the view that Social Security should provide a means through which low wage workers can sustain at least a "minimal" standard of living in retirement without resorting to welfare. CRS Report RL31086, *Social Security: What Happens to Future Benefit Levels Under Various Reform Options*, by David Koitz, Geoffrey Kollmann, and Dawn Nuschler.

[11]Social Security Protection Act of 2004 (P.L. 108-203). The act was signed into law on Mar. 2, 2004.

[12]Before P.L. 108-203 was enacted all Social Security-covered earnings counted toward insured status regardless of an alien's work authorization status.

[13]For information on P.L. 108-203, see CRS Report RL32089, *The Social Security Protection Act of 2004 (H.R. 743)*, by Dawn Nuschler.

[14]Social Security Act §202(y).

[15]Social Security Act §202(t).

[16]"Outside the United States" means outside the territorial boundaries of the 50 states, the (continued...)

months, unless one of several broad exceptions is met. For example, an alien's benefits are not suspended if he or she is a citizen or resident of a country with which the United States has a totalization agreement or a citizen of a country that has a social insurance or pension system under which benefits are paid to eligible U.S. citizens who reside outside the country (i.e., a "social insurance country"). Mexico is a social insurance country.

To receive payments outside the United States, alien *dependents and survivors* must have lived in the United States for at least five years previously (lawfully or unlawfully), and the family relationship to the worker must have existed during that time. The law provides several broad exceptions to the five-year U.S. residency requirement. For example, the residency requirement for dependents and survivors does not apply if the alien is a citizen or resident of a country with which the United States has a totalization agreement.[17]

Totalization Agreements

The Social Security Act[18] authorizes the President to enter into a totalization agreement with another country to coordinate the collection of payroll taxes and the payment of benefits under each country's Social Security system for workers who split their careers between the two countries. Without a totalization agreement, an individual who is sent by a U.S. company to work in a foreign country (and his or her employer) must contribute to the Social Security systems of both countries, resulting in dual Social Security coverage and taxation based on the same earnings. In most cases, totalization agreements allow workers (and their employers) to contribute only to the foreign system if the worker is employed abroad for five or more years, or only to the system in their home country if the worker is employed abroad for fewer than five years.

Totalization agreements also allow workers who divide their careers between two countries to combine earnings credits under both Social Security systems. Thus, a worker who may lack sufficient coverage to qualify for benefits under either program may, under a totalization agreement, qualify for benefits under one or both systems. The benefits of workers who are allowed to combine earnings credits are prorated to reflect the number of years the worker paid into each system. The same treatment applies to foreign workers in the United States.

Since 1978, the United States has entered into totalization agreements with 20 countries:

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[16](...continued)
District of Columbia, Puerto Rico, the U.S. Virgin Islands, Guam, the Northern Mariana Islands and American Samoa.

[17]Social Security regulations (20 C.F.R. 404.1928) specify that a totalization agreement "may provide that a person entitled to benefits under Title II of the Social Security Act may receive those benefits while residing in the foreign country party to the agreement, regardless of the alien non-payment provision."

[18]§233.

Australia, Austria, Belgium, Canada, Chile, Finland, France, Germany, Greece, Ireland, Italy, South Korea, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom.

In addition, the United States has signed totalization agreements with Japan (February 19, 2004) and Mexico (June 29, 2004). Once an agreement is signed it is sent to the Secretary of State and then to the President for review. The President may then transmit the agreement to Congress for review. The Social Security Act requires the President to submit to Congress the text of the agreement and a report on (1) the estimated number of individuals who would be affected by the agreement and (2) the estimated financial impact of the agreement on programs established by the Social Security Act. A totalization agreement automatically goes into effect unless the House of Representatives or the Senate adopts a resolution of disapproval within 60 session days of the agreement's transmittal to Congress.[19] The agreement with Japan was transmitted to Congress on November 17, 2004, and according to Congressional Research Service (CRS) calculations, the 60 session days for congressional action expired on April 26, 2005. The agreement with Mexico has not been transmitted to Congress and, reportedly, is still undergoing review at SSA.

Analysis

The remainder of this report uses different socio-economic characteristics to compare persons born in Mexico and living in the United States with persons born in the current totalization countries and living in the United States. Individuals born in Mexico and living in the United States include both naturalized U.S. citizens and noncitizens. The analysis begins with an overview of selected population and social characteristics and then focuses on various characteristics of persons in the labor force.

Overview of Data and Methodology

The data used in this study are from the March 2004 supplement of the Current Population Survey (CPS), the main source of labor force data for the nation. The CPS is a household survey conducted by the Census Bureau for the Bureau of Labor Statistics (BLS). (For a full discussion of the CPS and the methodology, see **Appendix B**.) For the purpose of this study, respondents from the current totalization countries are treated as one group. Luxembourg is not included in the analysis because the CPS does not have a separate code for that country. Japan is not included in the analysis because the totalization agreement with Japan has not yet

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[19]It should be noted that the provision of Section 233(e)(2) that allows for the rejection of a totalization agreement upon adoption of a resolution of disapproval by either House of Congress is an unconstitutional legislative veto (*INS v. Chadha*, 462 U.S. 919 (1983)). Congress has never rejected a totalization agreement. As a result, the fact that the mechanism under Section 233(e)(2) is unconstitutional has not been an issue. For more information on the disapproval mechanism. see CRS Report RL320004, *Social Security Benefits for Noncitizens: Current Policy and Legislation*, by Dawn Nuschler and Alison Siskin.

gone into effect. Although the analysis treats individuals from different totalization countries as one group, there may be differences in socio-economic characteristics among the countries. This variation is explored in **Appendix A** for the countries with large enough samples to be representative.

The comparisons in this report are based on five groups residing in the United States: (1) U.S. citizens, (2) noncitizens from Mexico, (3) naturalized U.S. citizens from Mexico,[20] (4) noncitizens from totalization countries, and (5) naturalized U.S. citizens from the totalization countries.[21] The group of U.S. citizens excludes naturalized U.S. citizens from Mexico and the current totalization countries. Although one of the issues surrounding the totalization agreement with Mexico is the large number of unauthorized Mexicans living in the United States compared to the unauthorized alien population from the totalization countries, it is not possible, using CPS data to differentiate between aliens who are in the United States legally and those who are unauthorized.[22] Nor is it possible to differentiate between different categories of noncitizens (e.g., legal permanent residents, temporary workers, students, refugees, asylees, etc.).

The population characteristics analyzed in this paper were chosen because they relate to aspects of the Social Security benefit formula (e.g., income and factors that affect income) or eligibility (e.g., age, number of dependents). The comparisons discussed in the text of this report are statistically significant at the 95% confidence level, unless stated otherwise.[23, 24]

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[20]A naturalized citizen is a legal immigrant who has become a U.S. citizen. To become a naturalized citizen, aliens must live in United States continuously for five years as a legal permanent resident (or three years in the case of spouses of a U.S. citizen), show that they have good moral character, demonstrate the ability to read, write, speak, and understand English, and pass an examination on U.S. government and history. CRS Report RS20916, *Immigration and Naturalization Fundamentals*, by Ruth Ellen Wasem, p. 5.

[21]The reason that naturalized U.S. citizens from the totalization countries and Mexico are compared separately from U.S. citizens is that, although under the Social Security Act they are treated as U.S. citizens, it is possible that individuals in those groups have previously worked in their country of birth and would have earned credits under both the U.S. Social Security system and the system of their native country.

[22]Of the estimated 10.3 million unauthorized aliens residing in the United States, 57% are from Mexico, while 23% are from other Latin American countries, 9% from Asia, and only 6% are from Canada and Europe, where the majority of the totalization countries are located. Pew Hispanic Center, *Estimates of the Size and Characteristics of the Undocumented Population*, by Jeffrey Passel, Mar. 21, 2005.

[23]See **Appendix B** for an explanation of confidence levels.

[24]One of the arguments for a totalization agreement with any country is the savings to individuals and companies when the employer sends the individual to work in the other country. Since the CPS does not have firm-level information, this report does not explore how many U.S. companies send workers to branches in Mexico, or how many Mexican companies send Mexican workers to their branches in the United States.

Table 1. Estimated Resident Population by Citizenship Status and Gender, March 2004
(in 000s)

Citizen status	Population	Male	Female
U.S. Citizens	263,338	48.8%	51.2%
Mexican noncitizens	8,447	56.3%	43.7%
Naturalized U.S. citizens from Mexico	2,006	50.5%	49.5%
Noncitizens from totalization countries [a]	1,731	45.7%	54.3%
Naturalized U.S. citizens from totalization countries [a]	1,821	43.4%	56.6%

Source: Calculated by CRS from the Mar. 2004 Current Population Survey (CPS).

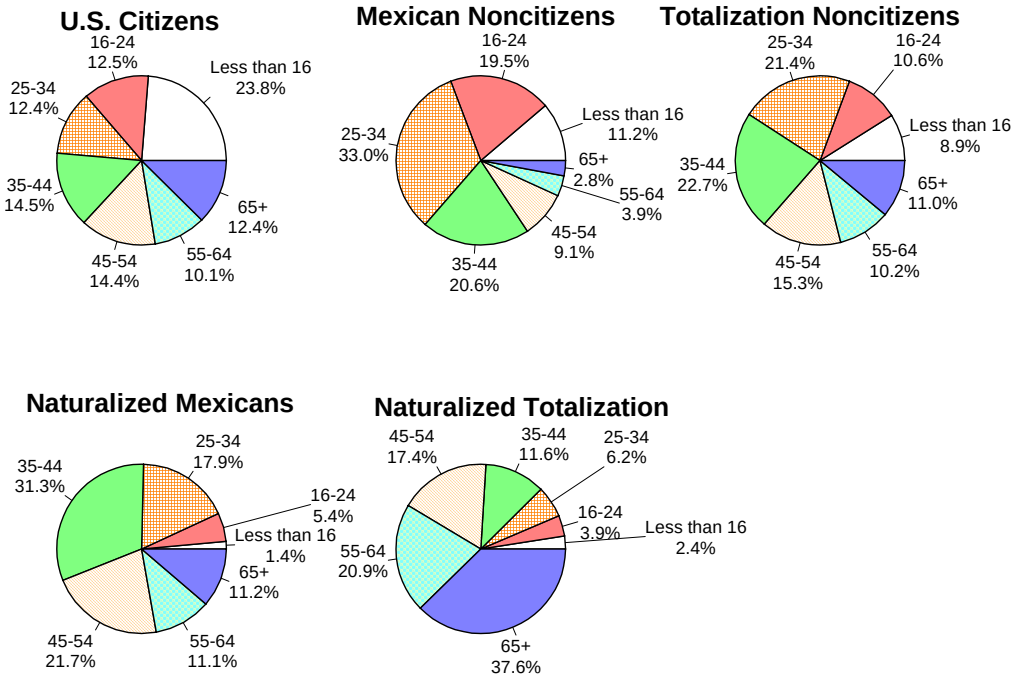
a. Estimates for totalization countries do not include Luxembourg.

Population Characteristics

Population. The number of Mexican-born noncitizens and naturalized citizens residing in the United States is much higher than the comparative populations from totalization countries. **Table 1** shows that the number of Mexican nationals living in the United States is five times larger than the number of citizens from all totalization countries combined. In addition, there are approximately 185,000 more naturalized U.S. citizens from Mexico living in the United States than the number of naturalized U.S. citizens from all totalization countries combined.

Gender. **Table 1** also shows that, more than any other group, Mexican noncitizens are more likely to be male (56.3%). On the other hand, noncitizens and naturalized citizens from the totalization countries are more likely to be female (54.3% and 56.6%, respectively). A possible reason for the higher percentage of females among naturalized citizens from totalization countries is that over a third (37.6%) of the population is age 65 and over, and the proportion of females is greater among those 65 and older for all population groups in the United States (see **Figure 1** for the age distributions of the populations).

Figure 1. Distribution of Population by Citizenship Status and Age, March 2004



Source: Calculated by CRS from the March 2004 Current Population Survey (CPS).

Notes: Estimates for totalization countries do not include Luxembourg. Totals may not equal 100% due to rounding.

Age. As **Figure 1** illustrates, Mexican noncitizens tend to be younger than noncitizens from the totalization countries: only 15.8% are 45 or older, compared to 36.5% of noncitizens from the totalization countries. Mexican noncitizens also tend to be younger than U.S. citizens and naturalized U.S. citizens from Mexico and the totalization countries. Naturalized citizens, both from Mexico and totalization countries, tend to be older than their noncitizen counterparts. In general, noncitizens must reside in the United States for five years as legal permanent residents before applying for citizenship.

U.S. citizens, more than any of the other groups, are the more likely to be under the age of 16: 23.8% of the U.S. population is under the age of 16, compared to 11.2% of Mexican noncitizens and 8.9% of noncitizens from totalization countries. Very few of the naturalized U.S. citizens from Mexico (1.4%) or from the totalization countries (2.4%) are under the age of 16,[25] due to the fact that aliens must have continuously resided in the United States as legal permanent residents (LPRs) for five years before naturalizing, and that children born in the United States to noncitizen

[25]The difference between the percent of noncitizens from totalization countries and from Mexico who are under the age of 16 is not significant. Similarly, the difference between the percent of the naturalized populations from totalization countries and those from Mexico who are under the age of 16 is not significant.

parents are, by birth, U.S. citizens.[26] However, 19.5% of Mexican noncitizens are between the ages of 16 and 24, compared to 12.4% of U.S. citizens, 10.6% of noncitizens from totalization countries, 5.4% of naturalized U.S. citizens from Mexico, and 3.9% of naturalized citizens from totalization countries.

One-third (33.0%) of the Mexican noncitizens are between the ages of 25 and 34, and the majority of Mexican noncitizens are between the ages of 25 and 44 (56.3%). Comparatively, only 21.4% of noncitizens from totalization countries, 12.4% of U.S. citizens, 17.9% of naturalized Mexicans, and 6.2% of naturalized citizens from totalization countries are between the ages of 25 and 34.[27] In addition, unlike Mexican noncitizens, no other group has a majority of their members between the ages of 25 and 44. The closest is the naturalized Mexicans of whom 49.2% are between the ages of 25 and 44. Conversely, the majority of naturalized U.S. citizens from totalization countries are over the age of 54 (58.5%) while only 6.7% of Mexican noncitizens are over the age of 54. The percentages of U.S. citizens, naturalized U.S. citizens from Mexico, and noncitizens from totalization countries over the age of 54 are similar (22.8%, 22.3%, and 21.2%, respectively).

Education. **Figure 2** shows that, in general, noncitizens from totalization countries are substantially better educated than the other comparison populations. Mexican noncitizens and naturalized citizens from Mexico tend to have the lowest levels of educational attainment. **Figure 2** shows that 65.1% of the Mexican noncitizens in the United States over the age of 18 have less than a high school diploma, while only 3.2% have a Bachelor's or advanced degree. By comparison, 11.2% of noncitizens from totalization countries have less than a high school diploma, while 42.2% have a college or advanced degree. Similarly, 31.6% of Mexican noncitizens have a high school degree or some college, while 46.6% of noncitizens from totalization countries have a high school degree or some college.

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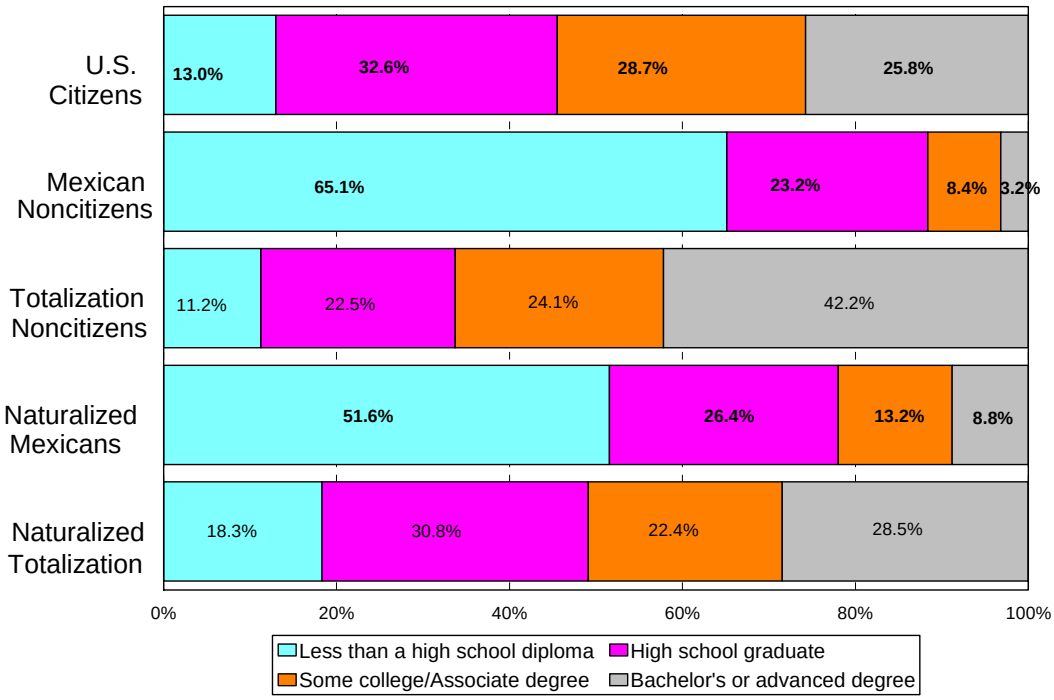
[26]For more information on naturalization and automatic citizenship see, CRS Report RS20916, *Immigration and Naturalization Fundamentals*, by Ruth Ellen Wasem.

[27]The comparison of naturalized U.S. citizens from Mexico and noncitizens from the totalization countries is statistically significant at the 90% confidence level.

Figure 2. Distribution of Population Ages 18 and Over by Citizenship Status and Educational Attainment, March 2004



Source: Calculated by CRS from the March 2004 Current Population Survey (CPS).

Notes: Estimates for totalization countries do not include Luxembourg. Totals may not add to 100% due to rounding.

Naturalized U.S. citizens from Mexico are much more likely than naturalized U.S. citizens from totalization countries to have less than a high school diploma (51.6% compared to 18.3%) and much less likely to have a Bachelor's or advanced degree (8.8% versus 28.5%). In addition, 39.6% of naturalized U.S. citizens from Mexico have a high school degree or some college, compared to 53.2% of naturalized U.S. citizens from totalization countries. Comparatively, for U.S. citizens 13.0% have less than a high school diploma, 61.3% have a high school degree or some college, and 25.8% have a college or advanced degree.[28]

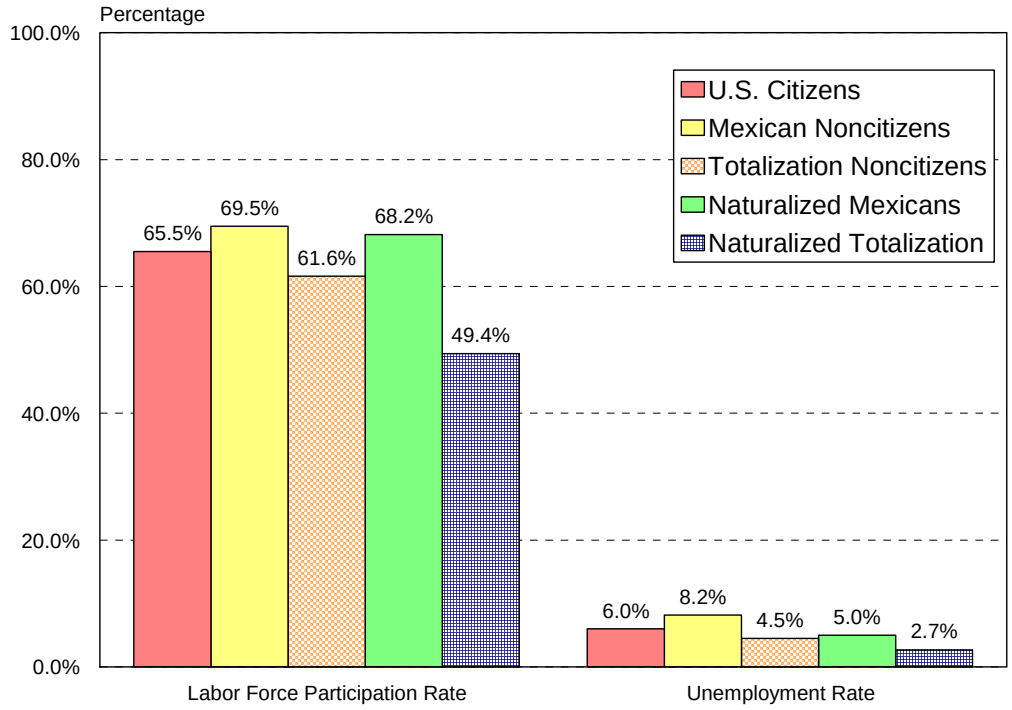
Characteristics of Persons in the Labor Force

Labor Force Participation Rates. As shown in **Figure 3**, the labor force participation rates of Mexican noncitizens (69.5%) is higher than that of noncitizens from the totalization countries (61.6%), U.S. citizens (65.5%), and naturalized U.S. citizens from the totalization countries (49.4%). In addition, the labor force participation rates of noncitizens from totalization countries is lower than that of U.S. citizens. The labor force participation rates of Mexican noncitizens and naturalized U.S. citizens from Mexico are not statistically different (69.5% versus 68.2%). One of the reasons for the differences in labor force participation rates may be due to

[28]The difference between the percentage of U.S. citizens with high school diplomas and naturalized U.S. citizens from totalization countries with high school diplomas is not significant.

differences in the age distributions of the different citizenship groups: 86.1% of Mexican noncitizens and 87.4% of naturalized Mexicans are between the ages of 16 and 64, compared to 63.9% of U.S. citizens. One reason for the low labor participation rate among naturalized citizens from the totalization countries is that over a third of persons in this group are 65 or older, and, in general, labor force participation is lower for older persons. (See **Figure 1**.)

Figure 3. Labor Force Participation Rate and Unemployment Rate by Citizenship Status, March 2004



Source: Calculated by CRS from the March 2004 Current Population Survey (CPS).

Note: Estimates for totalization countries do not include Luxembourg.

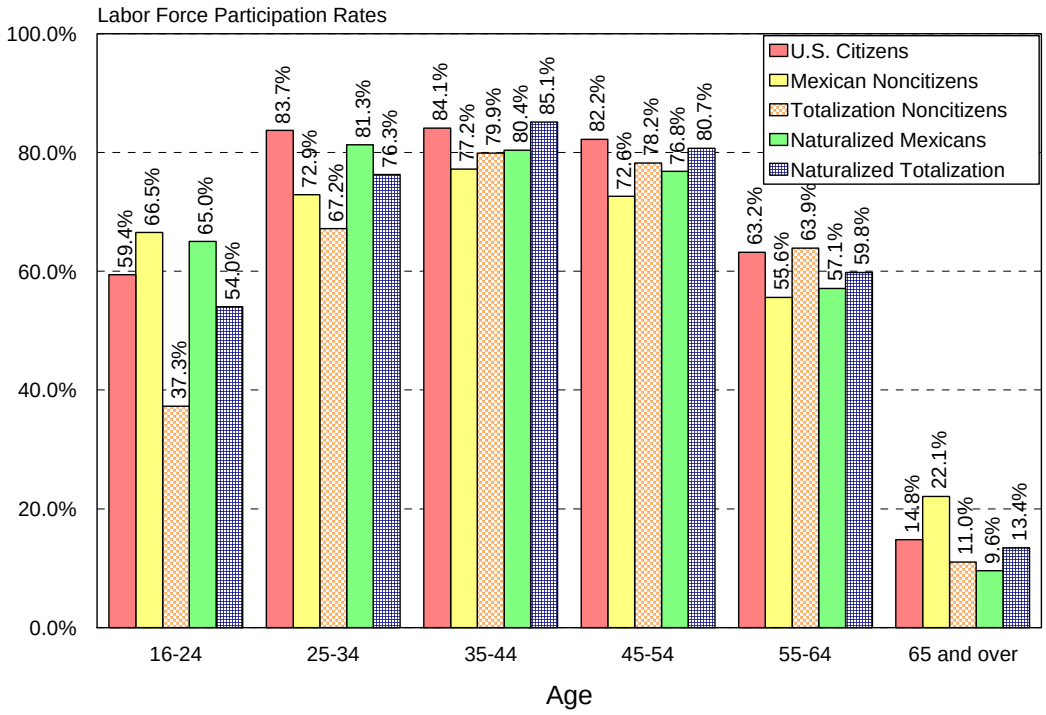
Unemployment Rates. **Figure 3** also shows that for persons 16 and over, the unemployment rate is higher for Mexican noncitizens (8.2%) than for noncitizens from totalization countries (4.5%) and U.S. citizens (6.0%), as well as for naturalized U.S. citizens from Mexico (5%). Naturalized U.S. citizens from totalization countries have the lowest unemployment rate (2.7%) of all the groups.[29]

Labor Force Participation by Age. Labor force participation rates vary by age. One of the reasons for the higher overall labor force participation rate of Mexican noncitizens is that participation rates are higher among the youngest (ages 16 to 24) and oldest groups of workers (age 65 and older). **Figure 4** shows that, for persons 65 and over, the labor force participation rate of Mexican noncitizens is

[29]The difference between the unemployment rates of noncitizens from totalization countries and naturalized U.S. citizens from totalization countries is statistically significant at the 90% confidence level.

higher than that of any other group. The labor force participation rate for persons 65 and older is twice as high for Mexican noncitizens as for noncitizens from totalization countries (22.1% compared to 11.0%). In addition, the labor force participation rate for Mexican noncitizens between the ages of 16 and 24 is much higher than that of noncitizens from totalization countries (66.5% versus 37.3%). Mexican noncitizens between the ages of 25 and 64 are less likely than U.S. citizens to be in the labor force.

Figure 4. Labor Force Participation Rate by Age and Citizenship Status, March 2004



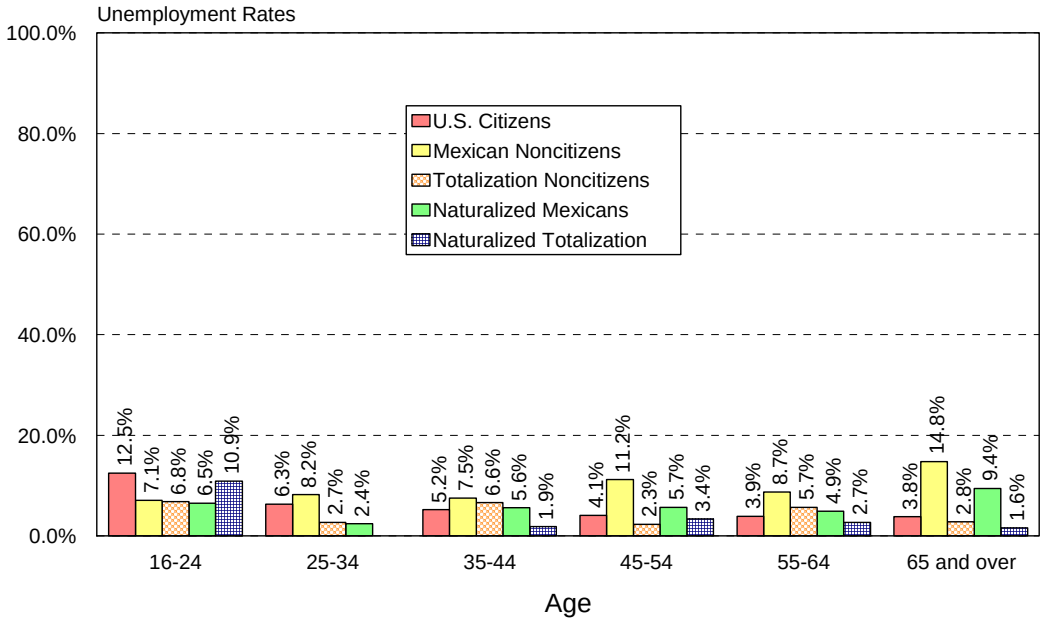
Source: Calculated by CRS from the March 2004 Current Population Survey (CPS).

Note: Estimates for totalization countries do not include Luxembourg.

Unemployment Rates by Age. The unemployment rate for noncitizens from totalization countries is lower than that of noncitizens from Mexico for those 25 to 34 years old, and 45 to 54 years old (see **Figure 5**). In addition, Mexican noncitizens between the ages of 25 to 64 have higher unemployment rates than U.S. citizens of the same ages.[30] Conversely, 16 to 24 year old Mexican noncitizens have lower unemployment rates than their U.S. citizen counterparts.

[30]The difference between the unemployment rates of Mexican noncitizens ages 55 to 64 and U.S. citizens ages 55 to 64 is statistically significant at the 90% confidence level.

Figure 5. Unemployment Rates by Age and Citizenship Status



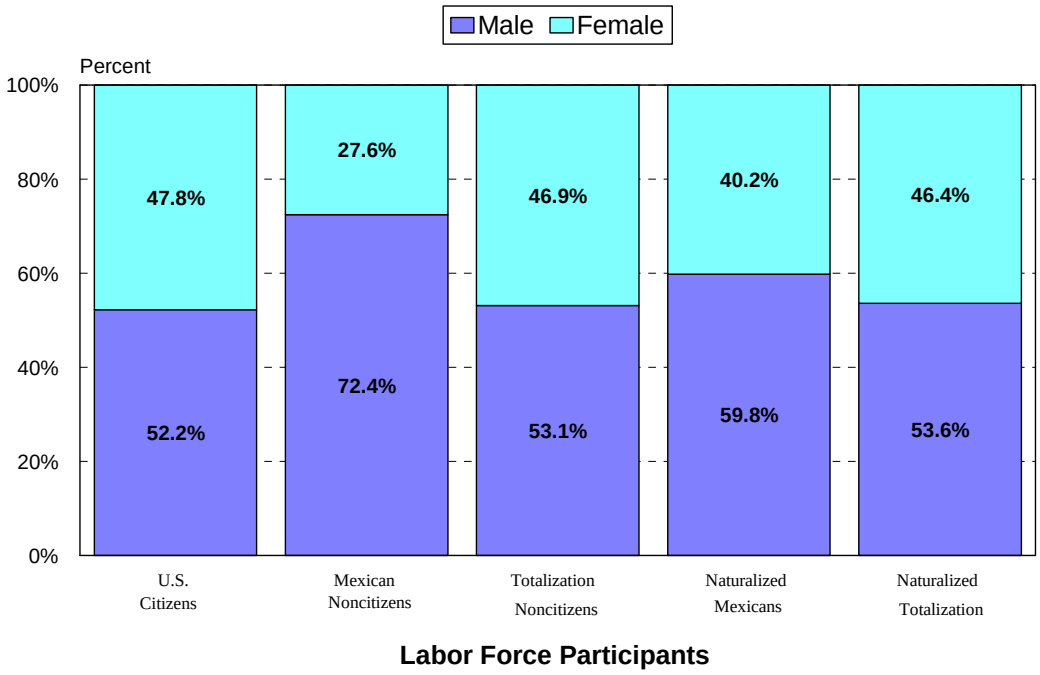
Source: Calculated by CRS from the March 2004 Current Population Survey (CPS).

Notes: Estimates for totalization countries do not include Luxembourg. Following BLS practice, estimates are not shown for Naturalized U.S. citizens from totalization countries between the ages of 25 and 34 because the estimated labor force is less than 75,000.

Gender of Persons in the Labor Force. For each citizenship group, men account for the largest share of persons in the labor force. Among Mexican noncitizens, 72.4% of persons in the labor force are men (see **Figure 6**). This percentage compares to 53.1% for noncitizens from totalization countries. Among naturalized citizens from Mexico, 59.8% of persons in the labor force are men, compared to 53.6% of naturalized citizens from totalization countries. As is well documented, women tend to earn 76-79 cents for every dollar earned by men, and, on average, earn less than men over the life course.[31] In addition, due to the structure of the Social Security benefit formula, lower earners receive a higher replacement rate on their contributions.

[31]For a full discussion of the gender wage gap see CRS Report 98-278, *The Gender Wage Gap and Pay Equity: Is Comparable Worth the Next Step?,* by Linda Levine.

Figure 6. Gender by Citizenship Status for Those in the Labor Force



Source: Calculated by CRS from the March 2004 Current Population Survey (CPS).

Note: Estimates for totalization countries do not include Luxembourg. Labor force participants include the employed and unemployed.

Disabled Workers. **Table 2** shows that noncitizens from Mexico and noncitizens from totalization countries have similar proportions of the population who are not in the labor force due to disability (2.1% and 1.6%, respectively). The percentage (4.8%) of U.S. citizens who are not working because a disability is greater than the percentage of noncitizens from both Mexico and the totalization countries, and naturalized U.S. citizens from the totalization countries (2.8%). Naturalized U.S. citizens from Mexico have the highest percentage (5.9%) of workers not in the labor force due to disability.[32] The lower percentage of Mexican noncitizens who are not in the labor force because of disabilities may be due to several factors. Mexican noncitizens tend to be younger (and, therefore, perhaps healthier) than workers from other citizenship groups. Persons with disabilities may not come to the United States to work. Persons who become disabled while in the United States may return to their native countries.[33]

[32]The difference between the percentage of disabled U.S. citizens and disabled naturalized U.S. citizens from Mexico is statistically significant at the 90% confidence level.

[33]As discussed above, fewer quarters of coverage are needed to receive Social Security disability benefits than old-age and survivors benefits.

Table 2. Estimated Percent of Persons Not in the Labor Force Because of a Reported Disability, by Citizenship Status, March 2004

Citizenship status	Not in the labor force because of a disability
U.S. Citizens	4.8%
Mexican noncitizens	2.1%
Naturalized U.S. citizens from Mexico	5.9%
Noncitizens from totalization countries [a]	1.6%
Naturalized U.S. citizens from totalization countries [a]	2.8%

Source: Calculated by CRS from the Mar. 2004 Current Population Survey (CPS).

Note: Estimates are for persons 16 and over and do not include retired persons.

a. Estimates for totalization countries do not include Luxembourg.

Earnings. Among the five citizenship groups, Mexican noncitizens tend to have lower annual earnings than workers in the other citizenship groups. **Figure 7** shows that the median annual earnings for noncitizens from totalization countries are more than twice the median earnings for noncitizens from Mexico ($15,600 compared to $32,000). The median annual earnings of naturalized citizens from totalization countries are $10,000 more than the median earnings of naturalized U.S. citizens from Mexico ($32,000 compared to $22,000). The median earnings ($32,000) of citizens and noncitizens from the totalization countries are also higher than the median earnings of U.S. citizens ($27,000).[34]

As illustrated in **Figure 7**, the majority (63.8%) of employed Mexican noncitizens in the United States earned under $20,000 in 2003, and were more likely than any other citizenship group to earn less than $20,000. Forty-three percent of naturalized U.S. citizens from Mexico earned less than $20,000, compared to 36.4% of U.S. citizens and 30.5% of noncitizens from totalization countries.

Conversely, noncitizens from the totalization countries had the highest concentration of person earning $80,000 or more. While 15.2% of noncitizens from totalization countries earned at least $80,000, only 8% of U.S. citizens, 1.5% of naturalized U.S. citizens from Mexico, and 0.7% of Mexican noncitizens earned the same amount.[35]

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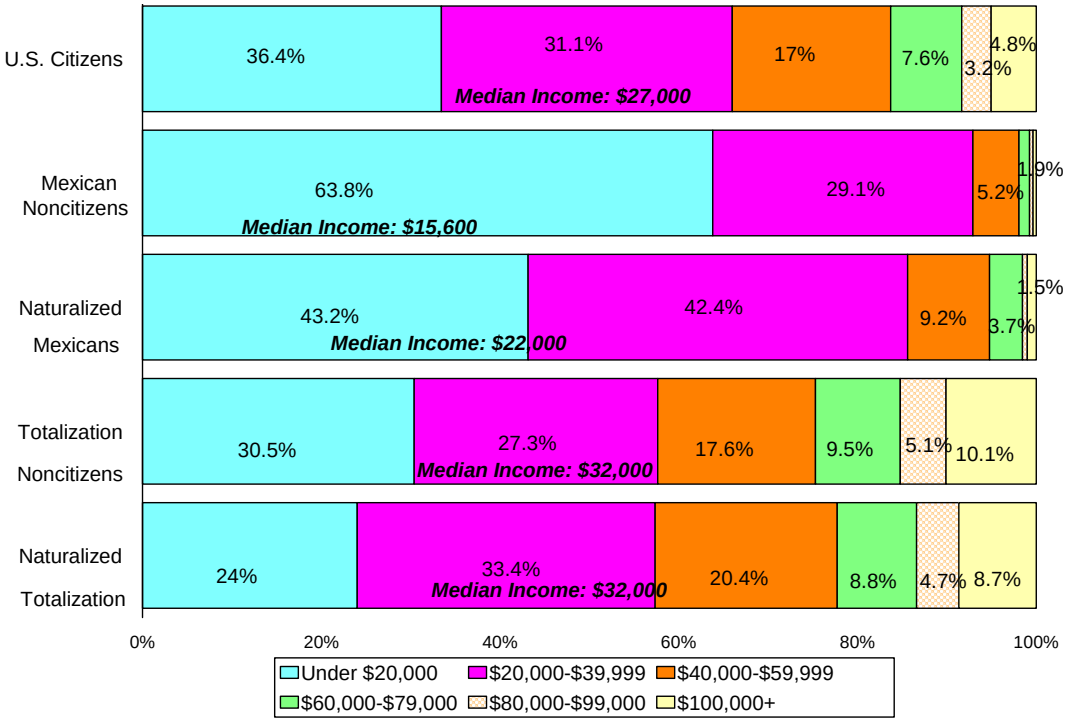
[34]The results shown in **Figure 7** may be affected by rounding. When answering survey questions about annual earnings, many respondents may round off the amount they earn.

[35]The difference between the percent of naturalized U.S. citizens and noncitizens from totalization countries earning at least $80,000 is not statistically significant, but the differences between the percent of naturalized U.S. citizens from the totalization countries and the other groups earning at least $80,000 are statistically significant.

Figure 7. Distribution of Employed Persons and Median Earnings by Citizenship Status and Annual Earnings, 2003



Source: Calculated by CRS from the March 2004 Current Population Survey (CPS).
Note: Estimates for totalization countries do not include Luxembourg. Totals may not add to 100% due to rounding

As discussed above, under the Social Security benefit in 2005, Social Security-covered workers and their employers each pay 6.2% of earnings up to $90,000 (this amount is indexed to average wage growth). Thus, higher wage workers pay more into the system than lower wage workers (unless both workers are earning over $90,000). Nonetheless, the Social Security benefit formula is "tilted" so that lower wage workers receive a higher replacement rate in Social Security benefits than workers with higher lifetime earnings.

Occupations. Several factors may affect relative earnings, including work experience, education, gender, industry and occupation, and hours worked. **Figure 1** above showed that Mexican noncitizens tend to be younger and, therefore, have less work experience than persons from other citizenship groups. **Figure 3** showed that the educational attainment of Mexican noncitizens tends to be lower than that for persons in other citizenship groups.

Table 3 shows that the highest concentration of Mexican noncitizens (30.4%) and naturalized U.S. citizens from Mexico (22.3%) work in service occupations, many of which pay lower wages than other occupations. Comparatively, 10.4% of noncitizens from totalization countries, 13.2% of naturalized U.S. citizens from totalization countries, and 15.1% of U.S. citizen workers are in service occupations, and there is no statistical difference between the concentration of service workers in the three groups. Noncitizens from totalization countries (23.1%) are more likely than noncitizens from Mexico (10.4%) to be in sales and office occupations, while U.S. citizens (26.8%) are more likely than both groups to be in these occupations. By

contrast, noncitizens from totalization countries have the highest concentration of workers in professional occupations (28.0%), while only 2.2% of Mexican noncitizens and 9.3% of naturalized U.S. citizens from Mexico work in professional occupations. A similar percentage of U.S. citizens (21.4%) and naturalized U.S. citizens from totalization countries (22.3%) are in professional occupations.

Furthermore, a higher percentage of noncitizens from totalization countries, U.S. workers, and naturalized U.S. citizen workers from totalization countries are in management, business, and financial occupations than noncitizens and naturalized U.S. citizens from Mexico: 21.3% of noncitizens from totalization countries and 21.2% naturalized U.S. citizens from totalization countries are in management, business, and financial occupations compared to 15.4% of U.S. citizens, 5.9% of naturalized U.S. citizens from Mexico, and 2.9% of noncitizens from Mexico.[36]

The second highest occupational concentration of Mexican noncitizen workers occurs in construction and extraction occupations, with 21.3% of the workers in those occupations. Among naturalized U.S. citizens from Mexico, 10.2% are in construction occupations, while the percentage of U.S. citizen workers, noncitizens from totalization countries, and naturalized U.S. citizen workers from totalization countries is significantly less (5.0%, 6.1%, and 4.6%, respectively). Similarly, the concentration of naturalized U.S. citizens from Mexico, and noncitizens from Mexico in production occupations[37] is more than two times higher than the concentration of U.S. citizen workers, noncitizens from totalization countries, and naturalized U.S. citizen workers from totalization countries in production occupations.

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[36]The difference in the percentage of persons in management, business, and financial occupations for noncitizens from totalization countries and naturalized U.S. citizens from totalization countries is not statistically significant.

[37]Production occupations include occupations such as machine operators, assemblers, printers, wood workers, dressmakers, bakers, laundry workers, and meat processing workers. U.S. Department of Labor, Bureau of Labor Statistics, *Standard Occupational Classification System*, available at [http://www.bls.gov/soc/home.htm].

Table 3. Distribution of Employed Persons by Citizenship Status and Occupation, March 2004

(persons ages 16 and over)

Occupation	Percent	Ranking
U.S. citizens		
Management, business, and financial occupations	15.4%	3
Professional and related occupations	21.4%	2
Service occupations	15.1%	4
Sales and office occupations	26.8%	1
Farming, fishing, and forestry occupations	0.5%	9
Construction and extraction occupations	5.0%	7
Installation, maintenance, and repair occupations	3.7%	8
Production occupations	6.3%	5
Transportation and material moving occupations	6.0%	6
Total	***100.2%***	—
Mexican noncitizens		
Management, business, and financial occupations	2.9%	8
Professional and related occupations	2.2%	9
Service occupations	30.4%	1
Sales and office occupations	10.4%	4
Farming, fishing, and forestry occupations	4.9%	6
Construction and extraction occupations	21.3%	2
Installation, maintenance, and repair occupations	4.1%	7
Production occupations	14.4%	3
Transportation and material moving occupations	9.5%	5
Total	***100.0%***	—
Naturalized U.S. citizens from Mexico		
Management, business, and financial occupations	5.9%	7
Professional and related occupations	9.3%	6
Service occupations	22.3%	1
Sales and office occupations	17.5%	3
Farming, fishing, and forestry occupations	3.0%	9
Construction and extraction occupations	10.2%	4
Installation, maintenance, and repair occupations	4.1%	8
Production occupations	17.9%	2
Transportation and material moving occupations	9.8%	5
Total	***100.0%***	—
Noncitizens from totalization countries [a]		
Management, business, and financial occupations	21.3%	3
Professional and related occupations	28.0%	1
Service occupations	10.4%	4
Sales and office occupations	23.1%	2
Farming, fishing, and forestry occupations	0.0%	9
Construction and extraction occupations	6.1%	5
Installation, maintenance, and repair occupations	1.7%	8
Production occupations	6.1%	5
Transportation and material moving occupations	3.3%	7
Total	***100.0%***	—
Naturalized U.S. citizens from totalization countries [a]		
Management, business, and financial occupations	21.2%	3
Professional and related occupations	22.3%	2
Service occupations	13.2%	4

Occupation	Percent	Ranking
Sales and office occupations	27.4%	1
Farming, fishing, and forestry occupations	0.1%	9
Construction and extraction occupations	4.6%	6
Installation, maintenance, and repair occupations	2.2%	8
Production occupations	5.9%	5
Transportation and material moving occupations	3.1%	7
Total	***100.0%***	—

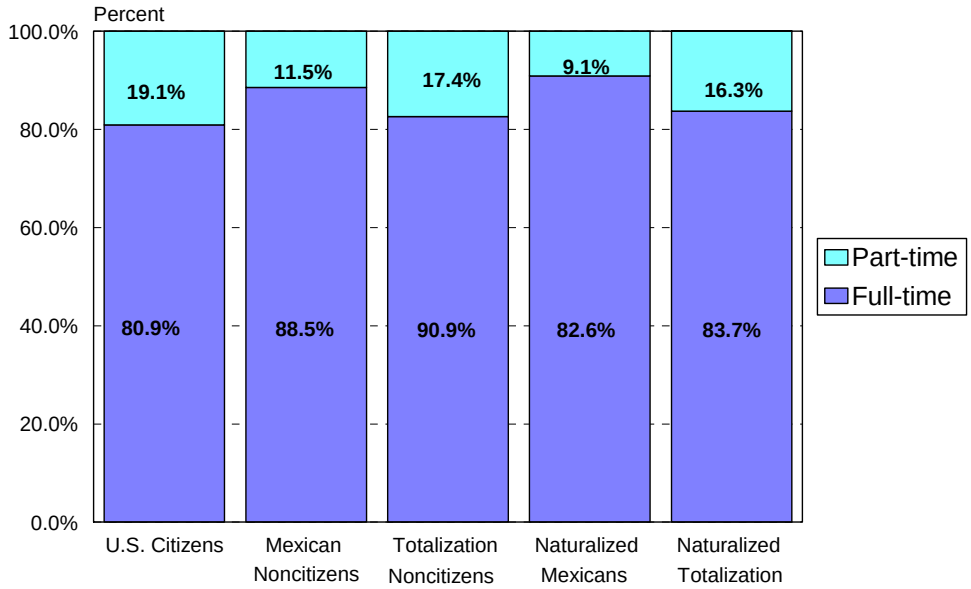
Source: Calculated by CRS from the March 2004 Current Population Survey (CPS).

Note: Details may not add to totals because of rounding. For a definition of the occupational groups see U.S. Department of Labor, Bureau of Labor Statistics, *Standard Occupational Classification System*, available at [http://www.bls.gov/soc/home.htm].

a. Estimates for totalization countries do not include Luxembourg.

Full-Time/Part-Time Status. **Figure 8** shows that, in March 2004, the majority of employed persons for all citizenship groups usually work full-time. Although Mexican noncitizens earn less than workers in the other citizenship groups, they (as well as naturalized citizens from Mexico) are more likely than workers in other groups to work full-time: 88.5% of Mexican noncitizens and 90.9% of naturalized Mexican citizens work full-time. The percentages of noncitizens and naturalized citizens from totalization countries who work full-time do not differ significantly from each other (82.6% and 83.7%, respectively) or from the rate for U.S. citizens (80.9% usually work full-time).

Figure 8. Distribution of Employed Persons by Citizenship Status and Full-Time and Part-Time Employment, March 2004

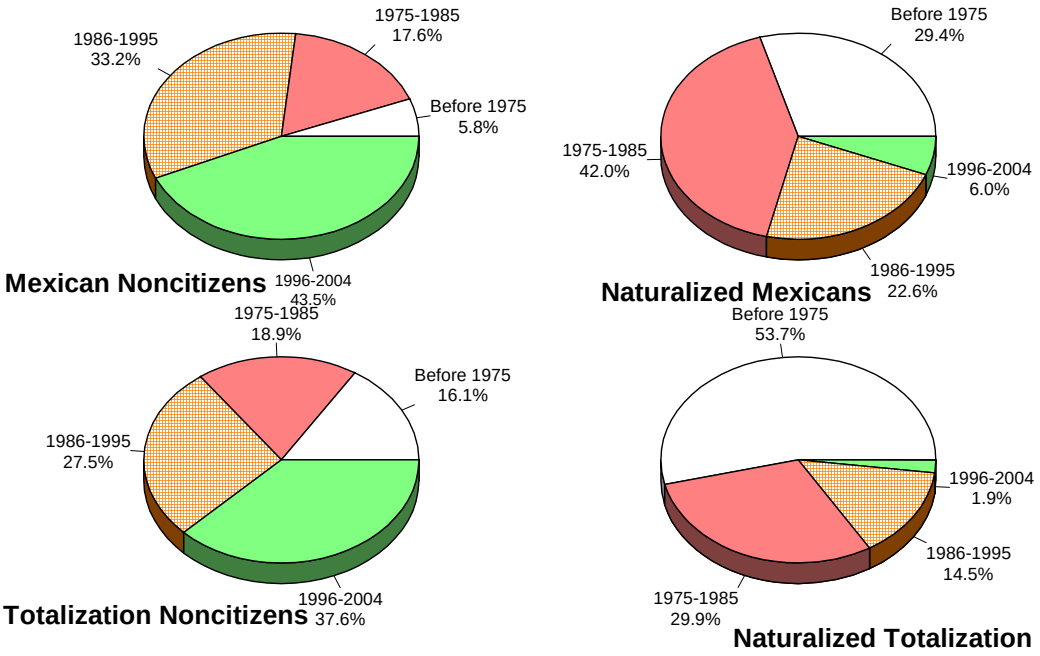


Source: Calculated by CRS from the March 2004 Current Population Survey (CPS).

Note: Estimates for totalization countries do not include Luxembourg.

Arrival Year. In general, naturalized U.S. citizens from Mexico and the totalization countries have been in the United States longer than their noncitizen counterparts (see **Figure 9**). Nonetheless, naturalized U.S. citizens from totalization countries were more likely to arrive prior to 1986 than naturalized U.S. citizens from Mexico (83.6% compared to 71.4%). In addition, naturalized U.S. citizens from Mexico (6.0%) were more than three times as likely to have arrived after 1995 than naturalized U.S. citizens from totalization countries (1.9%), although the percentages are small in both cases. Similarly, noncitizens from totalization countries were more likely than noncitizens from Mexico to have arrived prior to 1975 (16.1% versus 5.8%); and they were slightly less likely than Mexican noncitizens to have arrived after 1995 (37.6% compared to 43.5%). Research has shown that the earning of noncitizens are correlated to the length of time an alien is in the United States, with those who have been in the United States longer having higher earnings.[38]

Figure 9. Arrival Year for Those in the Labor Force Over Age 16 for Naturalized U.S. Citizens and Noncitizens from Mexico and Totalization Countries



Source: Calculated by CRS from the March 2004 Current Population Survey (CPS).

Notes: Estimates for totalization countries do not include Luxembourg. Totals may not equal 100% due to rounding.

Dependents. Mexican noncitizens in the labor force have a higher average number of dependents residing in the United States (1.7) than noncitizens from totalization countries (1.4). U.S. citizens and naturalized U.S. citizens from totalization countries have an average of 1.2 and 1.3 dependents, respectively. Naturalized U.S. citizens from Mexico average 2.0 dependents, which is the highest

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[38]For example, see T. Paul Schultz, "Immigrant Quality and Assimilation: A Review of the U.S. Literature," *Journal of Population Economics*, vol. 11 (1998), pp. 239-252.

average number of dependents for any of the citizenship groups. Among persons in the labor force who have at least one dependent (i.e., excluding persons living alone or with unrelated persons), Mexican noncitizens average 2.4 dependents, which is similar to the average number of dependents for naturalized U.S. citizens from Mexico (2.3), and higher than the average number of dependents for noncitizens and naturalized U.S. citizens from totalization countries (1.9 and 1.6), and U.S. citizens (1.8).

Table 4. Estimated Number of Dependents Residing in the United States Per Worker, by Citizenship Status, March 2004

Citizen status	Number of dependents per worker, all families[a] (1)	Number of dependents per worker, excluding individuals living alone or with unrelated individuals[a] (2)
U.S. citizens	1.2	1.8
Mexican noncitizens	1.7	2.4
Noncitizens from totalization countries[b]	1.4	1.9
Naturalized U.S. citizens from Mexico	2.0	2.3
Naturalized U.S. citizens from totalization countries[b]	1.3	1.6

Source: Calculated by CRS from the Mar. 2004 Current Population Survey (CPS).

a. Families consist of persons living together and related by birth, marriage, or adoption and, in column 1, include persons living alone or with unrelated individuals. In column 2, families are groups of two or more related persons. A household may include more than one family. Dependents include spouses, children under 18, full-time high school students under the age of 19, and persons over 18 with disabilities.

b. Estimates for totalization countries do not include Luxembourg.

The average number of dependents for noncitizens from Mexico and the totalization countries may be higher than the figures shown in **Table 4**. As shown above, 72.4% of Mexican noncitizens in the labor force are male (compared to 53.1% of noncitizens from the totalization countries). Among these men, 8.0% report that they are married but that their spouse is not living in their U.S. household. The spouse may be elsewhere in the United States or in Mexico (or in another country). Only 1.3% of noncitizen men from the current totalization countries report that they are married but that their spouse is absent. Children may be living with the absent spouse. Thus, the average number of dependents may be higher than shown above for noncitizens from Mexico and the totalization countries, as dependents not residing in the United States are not captured in the CPS. As discussed above, under the Social Security Act, noncitizens who have not resided in the same relationship with the worker in the United States for five years are not eligible for dependents or survivors benefits while residing outside the United States. But the five-year

requirement is waived for citizens from countries with totalization agreements, allowing dependent and survivor benefits to be paid to persons who have never lived in the United States.

Conclusion

In addition to being much larger than the population of persons from the totalization countries in the United States, the Mexican population — both noncitizens and naturalized citizens — in the United States has a different socio-economic profile than U.S. citizens and persons in the United States from totalization countries. Individuals from totalization countries tend to have more education and higher earnings than persons from Mexico and the United States. The population from Mexico tends to be younger and more heavily male. A smaller proportion of the Mexican noncitizen population is not in the labor force because of disability and their labor force participation rates are higher. Mexican persons in the U.S. labor force tend to have more dependents in their U.S. households. Because Mexican workers may have lower lifetime earnings, they may receive a higher replacement rate in Social Security benefits than workers with higher lifetime earnings. The fact that Mexican noncitizens tend to spend more years in the labor force does not mean that they contribute more to the Social Security system than noncitizens from totalization countries who have, on average, higher incomes.

Appendix A: Variation Among the Totalization Countries

Brief Overview of Methodology

The current totalization countries are not a homogenous group. This section of the report explores socio-economic variations among the totalization countries. The data used are from the March CPS (see **Appendix B**). The sample size for noncitizens and naturalized U.S. citizens from totalization countries is not large enough to perform separate analyses for each country.[39] Thus, analyses are presented for noncitizens from Canada, Chile, Italy, Germany, and South Korea, and for naturalized U.S. citizens from Canada, Ireland, Italy, Germany, Greece, Portugal, and South Korea. Tests of statistical significance were performed for each of the separately analyzed totalization country populations compared to the corresponding population from Mexico. Unless noted otherwise, the findings discussed in this appendix are significant at the 95% confidence level.

Analysis

Population. As discussed earlier in this report (see **Table 1**) and illustrated in **Table A1**, the number of Mexican noncitizens in the United States is much higher than the number of noncitizens from all totalization countries combined. In addition, the number of naturalized citizens from totalization countries is less than the number of naturalized U.S. citizens from Mexico. Accordingly, the population in the United States from Mexico is much larger than that from any individual totalization country.

Age. As shown in **Table A2**, although there are differences between the age distributions of naturalized U.S. citizens from different totalization countries, none of the countries has an age distribution similar to that of naturalized U.S. citizens from Mexico. With the exception of South Korea, the naturalized populations from totalization countries tends to be older than the population of naturalized Mexicans. The population of naturalized U.S. citizens from South Korea is more heavily concentrated at the lower end of the age distribution (i.e., below 35 years old) than the naturalized population from Mexico.

Similarly, there are differences between the age distributions of noncitizens from totalization countries, but none of the countries has an age distribution equivalent to that of Mexican noncitizens. As with the naturalized populations, in general, noncitizens from totalization countries tend to be older than noncitizens from Mexico. Nonetheless, the age distribution of Chilean noncitizens is statistically equivalent to that of Mexican noncitizens except for those between the ages of 25 and 34 (a higher concentration of Mexican noncitizens) and those 55 to 64 (a higher concentration of Chilean noncitizens).[40]

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[39]Unless the estimated population from a country was at least 75,000 persons the country was not included in the analysis.

[40]The difference between the percent of Chilean noncitizens and Mexican noncitizens (continued...)

Table A1. Estimated Population by Citizenship Status: United States, Mexico, and Totalization Countries, March 2004

Citizenship status	Population (in 1,000s)
Naturalized	
Canada	257
Germany	285
Greece	109
Ireland	120
Italy	327
Portugal	84
South Korea	378
Mexico	***2,006***
Noncitizens	
Canada	***410***
Chile	***76***
Germany	239
Italy	127
South Korea	***385***
Mexico	***8,447***

Source: Calculated by CRS from the Mar. 2004 Current Population Survey (CPS).

Table A2. Distribution of Population by Citizenship Status and Age for Select Totalization Countries, March 2004

Citizenship status	Less than 16	16-24	25-34	35-44	45-54	55 -64	65 +
Naturalized							
Canada	***1.5%***	5.0%	9.3%	7.7%	18.8%	14.8%	43.0%
Germany	***1.5%***	0.8%	1.5%	7.4%	11.8%	31.3%	45.7%
Greece	***0.0%***	***1.3%***	1.6%	12.1%	13.7%	21.4%	49.9%
Ireland	***0.0%***	0.0%	5.4%	12.4%	14.0%	22.0%	46.3%
Italy	***0.0%***	1.1%	3.9%	7.7%	13.8%	23.7%	49.8%
Portugal	0.4%	2.2%	16.9%	19.0%	25.4%	13.7%	22.5%
South Korea	8.9%	11.7%	10.7%	19.4%	24.1%	15.0%	10.2%
All totalization[a]	***2.4%***	***3.9%***	***6.2%***	***11.6%***	***17.4%***	***20.9%***	***37.6%***
Mexico	***1.4%***	***5.4%***	***17.9%***	***31.3%***	***21.7%***	***11.1%***	***11.2%***
Noncitizens							
Canada	***11.3%***	13.1%	19.4%	19.8%	19.0%	10.5%	6.8%
Chile	***11.3%***	24.4%	15.4%	18.7%	8.0%	14.2%	8.0%
Germany	***5.8%***	8.2%	17.5%	23.0%	17.3%	10.4%	17.9%
Italy	***13.3%***	8.9%	12.8%	19.5%	8.3%	11.6%	25.6%
South Korea	11.3%	11.3%	26.0%	21.6%	15.2%	6.0%	8.6%
All totalization[a]	***8.9%***	***10.6%***	***21.4%***	***22.7%***	***15.3%***	***10.2%***	***11.0%***
Mexico	***11.2%***	***19.5%***	***33.0%***	***20.6%***	***9.1%***	***3.9%***	***2.8%***

Source: Calculated by CRS from the Mar. 2004 Current Population Survey (CPS).

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[40](...continued)
between the ages of 55 and 64 is statistically significant at the 90% confidence level.

a. Estimates for totalization countries do not include Luxembourg.

Education. As shown in **Table A3**, there are major differences in educational attainment among naturalized U.S. citizens from the different totalization countries. The educational attainment of naturalized U.S. citizens from Italy, Portugal, and Greece is more similar to the educational attainment of naturalized U.S. citizens from Mexico than it is to the educational attainment of naturalized U.S. citizens from all totalization countries combined. There is no statistical difference in educational attainment between naturalized U.S. citizens from Mexico and from Greece. Seventy-eight percent of naturalized citizens from Mexico have no schooling past high school, compared to 75.9% of naturalized citizens from Portugal and 68.6% of naturalized citizens from Italy. In general, 49.1% of naturalized citizens from totalization countries did not pursue post-secondary education. Nonetheless, with the exception of Greece, naturalized citizens from Mexico tend to be less educated than naturalized citizens from any of the separately analyzed totalization countries.

Table A3. Distribution of Population Ages 18 and Over by Citizenship Status and Educational Attainment for Select Totalization Countries, March 2004

Citizenship status	Less than high school	High school graduate	Some college/ Associate degree	College graduate/ advanced degree
Naturalized				
Canada	***10.7%***	20.9%	30.9%	37.5%
Germany	***13.1%***	36.4%	27.6%	22.9%
Greece	***46.1%***	***26.8%***	12.4%	14.6%
Ireland	***17.9%***	41.7%	14.3%	26.1%
Italy	***30.6%***	38.0%	13.3%	18.2%
Portugal	31.5%	44.4%	15.7%	8.5%
South Korea	8.9%	25.4%	22.6%	43.1%
All totalization[a]	***18.3%***	***30.8%***	***22.4%***	***28.5%***
Mexico	***51.6%***	***26.4%***	***13.2%***	***8.8%***
Noncitizens				
Canada	***9.2%***	20.0%	29.2%	41.5%
Chile	***6.3%***	29.0%	37.5%	27.3%
Germany	***6.6%***	30.6%	28.3%	34.5%
Italy	***36.7%***	31.6%	13.7%	18.0%
South Korea	9.6%	20.6%	19.7%	50.1%
All totalization[a]	***11.2%***	***22.5%***	***24.1%***	***42.2%***
Mexico	***65.1%***	***23.2%***	***8.4%***	***3.2%***

Source: Calculated by CRS from the Mar. 2004 Current Population Survey (CPS).

a. Estimates for totalization countries do not include Luxembourg.

Mexican noncitizens have lower educational attainment than noncitizens from each of the separately analyzed totalization countries. Noncitizens from each of the separately analyzed totalization countries have significantly higher rates of post-

secondary education.[41] Of the separately analyzed totalization countries, noncitizens from Italy are the least educated, with only 31.7% having more than a high school diploma, but significantly more Italian noncitizens have a college degree than those from Mexico. As illustrated in **Table A3**, 11.6% of Mexican noncitizens have more than a high school degree.

Labor Force Participation. **Table A4** shows that, with the exception of South Korea (65.4%), none of the naturalized U.S. citizens from any of the separately analyzed totalization countries have labor force participation rates as high as naturalized citizens from Mexico (68.2%). Only noncitizens from Italy and South Korea (48.9% and 50.6%, respectively) have labor force participation rates statistically different from the rate for noncitizens from Mexico (69.5%).

Table A4. Labor Force Participation Rate and Unemployment Rate by Citizenship Status for Select Totalization Countries, March 2004

(persons ages 16 and over)

Citizenship status	Labor force participation rate	Unemployment rate
Naturalized		
Canada	48.7%	3.6%
Germany	42.6%	2.1%
Greece	42.5%	3.0%
Ireland	39.2%	4.5%
Italy	38.6%	4.1%
Portugal	54.1%	4.8%
South Korea	65.4%	2.6%
All totalization[a]	***49.4%***	***2.7%***
Mexico	***68.2%***	***5.0%***
Noncitizens		
Canada	66.8%	3.5%
Chile	65.5%	3.5%
Germany	63.3%	3.4%
Italy	48.9%	6.8%
South Korea	50.6%	4.9%
All totalization[a]	***61.6%***	***4.5%***
Mexico	***69.5%***	***8.2%***

Source: Calculated by CRS from the Mar. 2004 Current Population Survey (CPS).

Note: The labor force participation rate is the number of persons in the labor force divided by the size of the corresponding population.

a. Estimates for totalization countries do not include Luxembourg.

The unemployment rates of naturalized citizens from totalization countries analyzed separately are not significantly different from the unemployment rate for

[41]The difference between Italian noncitizens and Mexican noncitizens with some college is not statistically significant; however, the difference between Italian noncitizens and Mexican noncitizens with a B.A. or more education is significant at the 95% confidence level.

naturalized U.S. citizens from Mexico. Only German and Canadian noncitizens have statistically significant lower unemployment rates than Mexican noncitizens.[42]

Full-Time/Part-Time. **Table A5** shows that a higher percentage of naturalized U.S. citizen workers from Mexico work full-time than those from Germany, Greece, and Italy.[43] A higher percentage of Mexican noncitizens work full-time than noncitizens from Canada, Chile, and Germany.[44]

Table A5. Distribution of Employed Persons by Citizenship Status and Full-Time and Part-Time Employment for Select Totalization Countries, March 2004

(persons ages 16 and over)

Citizenship status	Full-time	Part-time
Naturalized		
Canada	85.4%	14.6%
Germany	78.9%	21.1%
Greece	77.6%	22.5%
Ireland	87.0%	13.0%
Italy	81.6%	18.4%
Portugal	90.8%	9.2%
South Korea	87.6%	12.4%
All totalization[a]	***83.7%***	***16.3%***
Mexico	***90.9%***	***9.1%***
Noncitizens		
Canada	79.6%	20.5%
Chile	67.1%	33.0%
Germany	80.5%	19.5%
Italy	79.0%	21.0%
South Korea	85.2%	14.8%
All totalization[a]	***82.6%***	***17.4%***
Mexico	***88.5%***	***11.5%***

Source: Calculated by CRS from the Mar. 2004 Current Population Survey (CPS).

Note: Estimates are based on whether a person usually works full-time or part-time.

a. Estimates for totalization countries do not include Luxembourg.

Arrival. Although naturalized Mexicans in the labor force arrived more recently than those from totalization countries, naturalized citizens from South Korea have been as likely as naturalized U.S. citizens from Mexico to have arrived after

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[42]The difference in unemployment rates for German and Mexican noncitizens is significant at the 90% confidence level.

[43]The difference between Greece and Mexico in the percentage of naturalized citizens employed full-time is significant at the 90% confidence level.

[44]The difference between Germany and Mexico in the percentage of noncitizens employed full-time is significant at the 90% confidence level.

1985 (see **Table A6**):[45] Nonetheless, while 6.0% of naturalized Mexicans arrived in 1996 or later, only 3.0% of naturalized South Koreans arrived during that period.

Chilean noncitizens tend to have arrived more recently than noncitizen Mexicans: 61.2% of Chilean noncitizens arrived after 1995 compared to 43.5% of Mexican noncitizens. The difference between the percentages of South Korean and Mexican noncitizens who have arrived since 1996 is not significant.

Table A6. Arrival Year by Citizenship Status for Those in the Labor Force for Select Totalization Countries

Citizenship status	Arrival year			
	Before 1975	1976-1985	1986-1995	1996-2004
Naturalized				
Canada	***57.7%***	24.3%	16.4%	1.6%
Germany	***80.9%***	14.2%	4.3%	0.6%
Greece	***62.9%***	32.0%	5.1%	0.0%
Ireland	***64.6%***	19.3%	9.8%	6.3%
Italy	***78.6%***	15.5%	4.1%	1.8%
Portugal	49.7%	32.9%	16.5%	0.9%
South Korea	16.9%	55.0%	25.1%	3.0%
All totalization[a]	***53.7%***	***29.9%***	***14.5%***	***1.9%***
Mexico	***29.4%***	***42.0%***	***22.6%***	***6.0%***
Noncitizens				
Canada	***27.3%***	11.3%	26.7%	34.8%
Chile	***2.2%***	22.2%	14.4%	61.2%
Germany	***15.3%***	25.7%	21.2%	37.8%
Italy	***30.2%***	8.7%	22.4%	38.7%
South Korea	1.9%	27.4%	33.6%	37.1%
All totalization[a]	***16.1%***	***18.9%***	***27.5%***	***37.6%***
Mexico	***5.8%***	***17.6%***	***33.2%***	***43.5%***

Source: Calculated by CRS from the Mar. 2004 Current Population Survey (CPS).

a. Estimates for totalization countries do not include Luxembourg.

Gender. **Table A7** shows that the population of naturalized citizens from Mexico is evenly split between men and women (50.5% and 49.5%, respectively), and is very similar to the gender distribution of naturalized U.S. citizens from Italy. A majority of Mexican noncitizens is male (56.3%). The gender distribution of noncitizens from Chile (65.2%) and Italy (50.8%) is similar to that of noncitizens from Mexico.

Among noncitizens, 72.4% of Mexicans in the labor force are male, compared to 53.1% of noncitizens from totalization countries. The gender distribution of noncitizens from Chile and Italy in the labor force (72.% and 61.4% male, respectively) is similar to that of Mexico.

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[45]The difference between the percent of naturalized U.S. citizens from South Korea and Mexico who arrived after 1995 is statistically significant at the 90% confidence level.

Table A7. Gender by Citizenship Status for Total Population and Those in the Labor Force for Select Totalization Countries, March 2004

Citizenship status	Male (total population)	Female (total population)	Male (in labor force)	Female (in labor force)
Naturalized				
Canada	***47.4%***	52.6%	53.6%	46.4%
Germany	***35.1%***	64.9%	51.7%	48.3%
Greece	***40.5%***	***59.5%***	62.6%	37.4%
Ireland	***45.9%***	54.1%	67.7%	32.3%
Italy	***50.8%***	49.2%	70.6%	29.4%
Portugal	38.4%	61.6%	42.5%	57.5%
South Korea	42.2%	57.8%	45.7%	54.3%
All totalization[a]	***43.4%***	***56.6%***	***53.6%***	***46.4%***
Mexico	***50.5%***	***49.5%***	***59.8%***	***40.2%***
Noncitizens				
Canada	***40.2%***	59.8%	44.3%	55.7%
Chile	***65.2%***	34.8%	72.0%	28.0%
Germany	***31.5%***	68.5%	33.0%	67.0%
Italy	***50.8%***	49.2%	61.4%	38.6%
South Korea	45.3%	54.7%	55.9%	44.1%
All totalization[a]	***45.7%***	***54.3%***	***53.1%***	***46.9%***
Mexico	***56.3%***	***43.7%***	***72.4%***	***27.6%***

Source: Calculated by CRS from the Mar. 2004 Current Population Survey (CPS).

a. Estimates for totalization countries do not include Luxembourg.

Earnings. Naturalized citizens from Mexico as well as Mexican noncitizens have lower annual earnings than workers from the totalization countries (see **Table A8**). Among noncitizens, Mexican workers are more likely than workers from the totalization countries to earn less than $20,000 annually and, except for workers from Chile, less likely to earn $100,000 or more annually.

Table A8. Distribution of Employed Persons by Citizenship Status and Annual Earnings for Select Totalization Countries, 2003

(persons ages 16 and over)

Citizenship status	Under $20,000	$20,000-$39,999	$40,000-$59,999	$60,000-$79,999	$80,000-$99,999	$100,000 or more	Median
Naturalized							
Canada	***20.7%***	26.1%	34.4%	10.8%	2.5%	5.4%	$40,000
Germany	***36.5%***	32.3%	12.7%	6.2%	6.5%	5.8%	$24,000
Greece	***30.9%***	***40.1%***	15.5%	7.9%	0.0%	2.6%	$30,000
Ireland	***4.6%***	35.7%	24.1%	9.9%	11.9%	13.9%	$40,000
Italy	***22.8%***	20.9%	28.2%	10.3%	7.7%	10.1%	$42,000
Portugal	28.5%	47.8%	14.6%	4.0%	1.4%	3.7%	$28,000
South Korea	21.4%	35.1%	14.8%	12.0%	5.2%	11.5%	$34,680
All totalization[a]	***24.0%***	***33.4%***	***20.4%***	***8.8%***	***4.7%***	***8.7%***	***$32,000***
Mexico	***43.2%***	***42.4%***	***9.2%***	***3.7%***	***0.5%***	***1.0%***	***$22,000***
Noncitizens							
Canada	***32.9%***	18.4%	21.1%	11.7%	5.7%	10.4%	$37,000
Chile	***36.5%***	40.3%	6.8%	14.9%	1.6%	0.0%	$24,000
Germany	***34.3%***	27.5%	13.1%	10.0%	3.5%	11.7%	$28,000
Italy	***37.1%***	21.5%	12.5%	6.3%	4.5%	18.2%	$26,000
South Korea	32.3%	34.0%	22.1%	3.4%	1.8%	6.3%	$30,000
All totalization[a]	***30.5%***	***27.3%***	***17.6%***	***9.5%***	***5.1%***	***10.1%***	***$32,000***
Mexico	***63.8%***	***29.1%***	***5.2%***	***1.2%***	***0.4%***	***0.3%***	***$15,600***

Source: Calculated by CRS from the Mar. 2004 Current Population Survey (CPS).

a. Estimates for totalization countries do not include Luxembourg.

Occupations. As illustrated in **Table A9**, the occupational distributions for naturalized workers from some totalization countries are similar to the occupational distribution of naturalized workers from Mexico. Naturalized U.S. citizens from Mexico, Greece, and Italy are similarly concentrated in service occupations, while naturalized citizens from each of the separately analyzed totalization countries are at least two times as likely to be in management, business, and financial occupational group than naturalized U.S. citizens from Mexico.[46] Furthermore, naturalized U.S. citizens from Canada, Italy, and South Korea are more likely to be in professional occupations than those from Mexico, while naturalized U.S. citizens from Greece, Ireland, and Portugal are not significantly less likely to be in professional occupations than those from Mexico. With the exception of naturalized citizens from Portugal and Greece, naturalized U.S. citizens from each of the separately analyzed totalization countries are less likely to be in production occupations than those from Mexico.

[46]The difference between the percent of naturalized U.S. citizens from Greece and Mexico in management occupations is statistically significant at the 90% confidence level. The difference between the percent of naturalized U.S. citizens from Portugal and Mexico in management occupations is not statistically significant.

The occupational distributions of noncitizens from each of the totalization countries are more similar to each other than to the occupational distribution of Mexican noncitizens (see **Table A10**). With the exception of Chile, noncitizens from each of the totalization countries are more than five times as likely as noncitizens from Mexico to be in management and professional occupations.[47] In addition, noncitizens from each of the totalization countries are less likely to be in service and transportation occupations than Mexican noncitizens. Chilean noncitizens are as likely to be in construction occupations as Mexican noncitizens. Moreover, the percent of Italian noncitizens in construction occupations is similar to that of Mexicans in construction occupations. Finally, the concentration of South Korean noncitizens in production occupations is similar to that of Mexican noncitizens.

[47]The difference between the percent of noncitizens from Chile and noncitizens from Mexico in management occupations is statistically significant at the 90% confidence level. The difference between the percent of noncitizens from Chile and noncitizens from Mexico in professional occupations is not statistically significant.

Table A9. Distribution of Naturalized Employed Persons by Occupation by Country for Select Totalization Countries, March 2004

(persons ages 16 and over)

Occupation	Naturalized Canada		Naturalized Germany		Naturalized Greece		Naturalized Ireland		Naturalized Italy	
	Percent	Rank	Percent	Rank	Percent	Rank	Percent	Rank	Percent	Rank
Management, business, and financial occupations	21.1%	2	25.3%	2	18.4%	3	26.0%	2	17.4%	4
Professional and related occupations	40.4%	1	14.1%	3	6.8%	5	9.2%	4	20.5%	2
Service occupations	8.7%	4	12.8%	4	36.1%	1	8.7%	5	22.5%	1
Sales and office occupations	16.6%	3	33.1%	1	21.0%	2	31.4%	1	17.9%	3
Farming, fishing, and forestry occupations	0.0%	9	0.0%	9	0.0%	8	0.3%	8	0.0%	9
Construction and extraction occupations	4.5%	6	4.4%	6	3.1%	7	15.1%	3	9.8%	5
Installation, maintenance, and repair occupations	2.2%	7	2.0%	8	0.0%	8	5.7%	6	3.2%	8
Production occupations	0.5%	8	5.8%	5	11.5%	4	3.7%	7	4.5%	6
Transportation and material moving occupations	6.2%	5	2.6%	7	3.2%	6	0.0%	9	4.2%	7

Occupation	Naturalized Portugal		Naturalized South Korea		Naturalized all totalization[a]		Naturalized Mexico	
	Percent	Rank	Percent	Rank	Percent	Rank	Percent	Rank
Management, business, and financial occupations	15.0%	3	17.2%	3	21.2%	3	5.9%	7
Professional and related occupations	4.5%	5	27.0%	2	22.3%	2	9.3%	6
Service occupations	4.4%	6	11.0%	4	13.2%	4	22.3%	1
Sales and office occupations	37.4%	1	32.4%	1	27.4%	1	17.5%	3
Farming, fishing, and forestry occupations	2.4%	8	0.0%	8	0.1%	9	3.0%	9
Construction and extraction occupations	7.5%	4	0.0%	8	4.6%	6	10.2%	4
Installation, maintenance, and repair occupations	0.9%	9	2.9%	6	2.2%	8	4.1%	8
Production occupations	24.9%	2	8.0%	5	5.9%	5	17.9%	2
Transportation and material moving occupations	3.1%	7	1.5%	7	3.1%	7	9.8%	5

Source: Calculated by CRS from the March 2004 Current Population Survey (CPS).

a. Estimates for totalization countries do not include Luxembourg.

Table A10. Distribution of Noncitizens Employed Persons by Occupation by Country for Select Totalization Countries, March 2004

(persons ages 16 and over)

Occupation	Noncitizens Canada		Noncitizens Chile		Noncitizens Germany		Noncitizens Italy	
	Percent	Rank	Percent	Rank	Percent	Rank	Percent	Rank
Management, business, and financial occupations	19.9%	2	17.0%	3	20.4%	3	27.2%	2
Professional and related occupations	36.3%	1	12.3%	5	23.3%	2	15.4%	4
Service occupations	14.4%	4	12.6%	4	15.4%	4	5.5%	6
Sales and office occupations	15.3%	3	25.5%	1	33.0%	1	27.6%	1
Farming, fishing, and forestry occupations	0.0%	9	0.0%	8	0.0%	8	0.0%	7
Construction and extraction occupations	4.9%	6	21.1%	2	0.0%	8	18.6%	3
Installation, maintenance, and repair occupations	0.9%	8	9.1%	6	2.5%	6	0.0%	7
Production occupations	3.4%	7	2.4%	7	1.4%	7	5.8%	5
Transportation and material moving occupations	4.9%	5	0.0%	8	4.0%	5	0.0%	7

Occupation	Noncitizens South Korea		Noncitizens all totalization[a]		Noncitizens Mexico	
	Percent	Rank	Percent	Rank	Percent	Rank
Management, business, and financial occupations	25.3%	1	21.3%	3	2.9%	8
Professional and related occupations	20.4%	2	28.0%	1	2.2%	9
Service occupations	11.9%	5	10.4%	4	30.4%	1
Sales and office occupations	20.0%	3	23.1%	2	10.4%	4
Farming, fishing, and forestry occupations	0.0%	8	0.0%	9	4.9%	6
Construction and extraction occupations	1.1%	7	6.1%	5	21.3%	2
Installation, maintenance, and repair occupations	0.0%	8	1.7%	8	4.1%	7
Production occupations	17.8%	4	6.1%	5	14.4%	3
Transportation and material moving occupations	3.5%	6	3.3%	7	9.5%	5

Source: Calculated by CRS from the Mar. 2004 Current Population Survey (CPS).

a. Estimates for totalization countries do not include Luxembourg.

Appendix B: Data and Detailed Methodology

The analysis in this report is based on data from the March 2004 Current Population Survey (CPS). The Current Population Survey (CPS) is a household survey conducted by the U.S. Bureau of the Census for the Bureau of Labor Statistics (BLS) of the U.S. Department of Labor. The monthly CPS is the main source of labor force data for the nation, including estimates of the monthly unemployment rate. The CPS collects a wide range of demographic, social, and labor market information. Currently, approximately 57,000 households are interviewed each month. The monthly CPS sample is representative of the civilian noninstitutional population; it does not include persons on active military duty.[48] Each March, the CPS asks additional questions about earnings for the previous year.[49]

The BLS defines the labor force as the sum of employed and unemployed persons. Unemployed persons are individuals who are not working but who are available and looking for work. Employed persons are individuals who are working for a private or public employer, are self-employed, or who work 15 hours or more a week as unpaid workers on a family farm or business. Also counted as employed are persons who are temporarily absent from work because of illness, bad weather, vacation, job training, labor-management disputes, childcare problems, maternity or paternity leave, or other family or personal reasons.[50]

Citizenship Variable

The CPS uses five categories to define citizenship: (1) born in the United States; (2) born in Puerto Rico or another outlying area of the United States; (3) born abroad of U.S. citizen parents; (4) naturalized citizens; and (5) noncitizens. For the analysis in this report, the first three categories were combined and defined as "citizens." The group of U.S. citizens excludes naturalized citizens from Mexico and the current totalization countries. Naturalized U.S. citizens from Mexico and the totalization countries were analyzed separately because it more likely that individuals in those groups would have credits to combine under a totalization agreement (i.e., compared to naturalized U.S. citizens from other countries and natural-born U.S. citizens).

Information on place of birth is collected for every household member in the CPS sample, and for the parents of every household member. Individuals born in the United States or its outlying areas, or whose parents were born in the United States

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[48]U.S. Department of Commerce, Bureau of the Census, *Measuring 50 Years of Economic Change*, Current Population Reports, P60-203, Washington, Sept. 1998, p. D-1. U.S. Department of Labor, Bureau of Labor Statistics, *Basic Monthly Survey*, available at [www.bls.census.gov/cps/bglosary.htm].

[49]U.S. Department of Commerce, Bureau of the Census, *Current Population Survey: 2004 Annual Social and Economic (AASEC) Supplement*, p. 1-1. Available at [http://www.bls.census.gov/cps/asec/smethdoc.htm].

[50]U.S. Department of Labor, Bureau of Labor Statistics, *Current Population Survey: Design and Methodology*, Technical Paper 63, Mar. 2000, pp. 5-3 through 5-5.

or its outlying areas, are not asked questions about citizenship. Individuals born outside the United States or its outlying areas, and whose parents were born outside the United States or its outlying areas, are asked, "Are you a citizen of the United States?" Respondents who answer "Yes" are coded as naturalized citizens, while respondents who answer "No" are categorized as noncitizens. In the CPS, individuals for whom no birthplace is provided are assigned a citizenship status during the editing process. For example, the citizenship status of a child may be assigned based on the citizenship status of the child's mother.[51] The CPS does not attempt to verify the accuracy of responses to the questions about citizenship.

It is not possible using CPS data to differentiate between different categories of noncitizens (e.g., legal permanent residents, temporary workers, students, refugees, and asylees). Nor is it possible to differentiate between aliens who are in the United States legally and those who are unauthorized. Thus, some of the respondents in the noncitizens category who have never had authorization to work in the United States would be ineligible for Social Security benefits, barring future changes to immigration or Social Security policy.

Confidence Levels

The comparisons discussed in this report are statistically significant at the 95% confidence level, unless stated otherwise. Estimates based on survey responses from a sample of households have two kinds of error: nonsampling error and sampling error. Examples of nonsampling error include information that is misreported and errors made in processing collected information. Sampling error occurs because a sample, and not the entire population, of households is surveyed. The difference between an estimate based on a sample of households and the actual population value is known as sampling error.[52] When using sample data, researchers typically construct confidence intervals around population estimates. Confidence intervals provide information about the accuracy of estimated values. With a 95% confidence interval and repeated samples from a population, 95% of intervals will generally include the actual value of a population characteristic. For this report, confidence intervals were calculated using a methodology suggested by the Census Bureau.

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[51][http://www.census.gov/population/www/cps/cpsdef.html].

[52]U.S. Department of Labor, Bureau of Labor Statistics, *Employment and Earnings*, vol. 49, Nov. 2002, pp. 147-148.