Do Immigrants With Prior Canadian Exposure Perform Better than Those Without?

Manish Pandey   James Townsend

University of Winnipeg

Pathways to Prosperity 2014 National Conference
November 25, 2014

Acknowledgements

We thank:

- SSHRC for funding
- Michael Wendt, Statistics Canada for technical assistance

The usual caveats apply!

Research Objective

- Over 20% of immigrants are in Canada prior to immigrating

- Recent programs (PNP, Canadian Experience Class) are explicitly targeted at
  - International students
  - Temporary Foreign Workers (TFWs)

Use administrative tax data (IMDB) to determine whether economic outcomes of immigrants in Canada are better for those with prior work experience and/or education in Canada

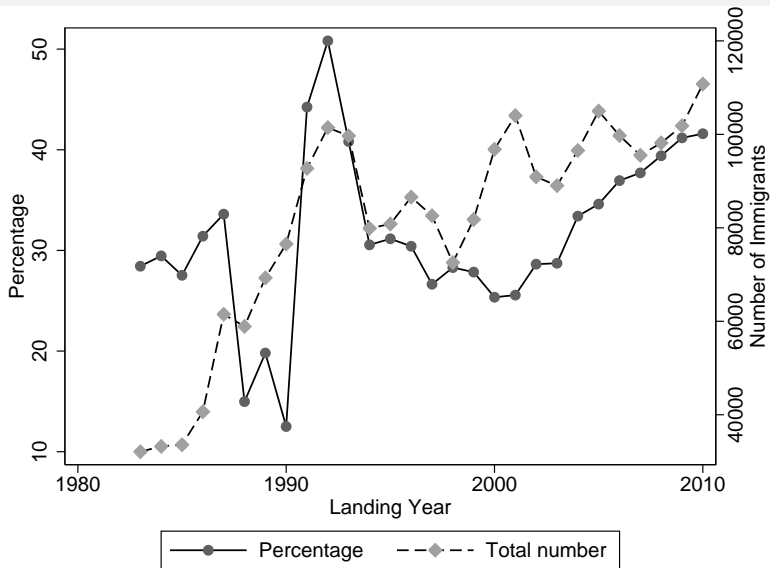# Longitudinal Immigrant Database (IMDB)

IMDB is an administrative database that combines:

- Landing documents - information collected when permanent residence is granted

- Personal income tax records - since arrival (recently included)
    - ◇ Could be used to identify international students and TFWs
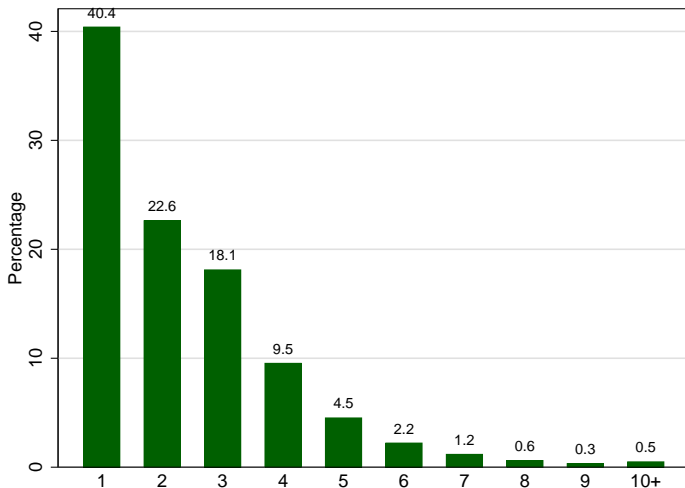
Preliminary Research Questions

- What is the frequency of filing prior to landing (Prefiling)?

- How long are spells prior to landing?

- How do those that Prefile differ from those that do not?

- How do earnings profiles differ between Prefilers and Non-prefilers?

Incidence of Prefiling by Landing Year

Distribution of Times Taxes Filed Prior to Landing

Prefilers landing between 1992 and 2009

Frequency of Filing Prior to Landing

- Over 20% of immigrants landing between 1992 and 2009 filed taxes at least once prior to landing

- Of those that prefiled, 90 percent prefiled four or fewer times

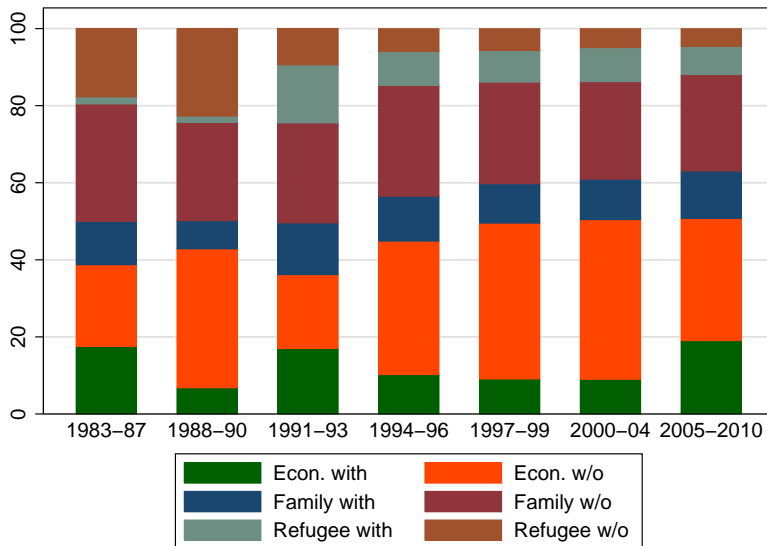- Prefiling occurs in a continuous block of time immediately prior to immigrating

Selected Characteristics by Prefiling status (1988-2010)

Variable	Non-prefilers	Prefilers
Principal Applicants	0.63	0.83
Economic	0.57	0.46
Family	0.33	0.29
Refugee	0.11	0.25
Male	0.49	0.45
Married	0.71	0.67
Age	34	33
Earnings (landing year+1)	16,700	25,900
Earnings (arrival year+1)	16,700	21,200

Prefilers
  - more likely to be principal applicant
  - more likely to arrive as refugees
  - have higher earnings immediately after landing/arrival
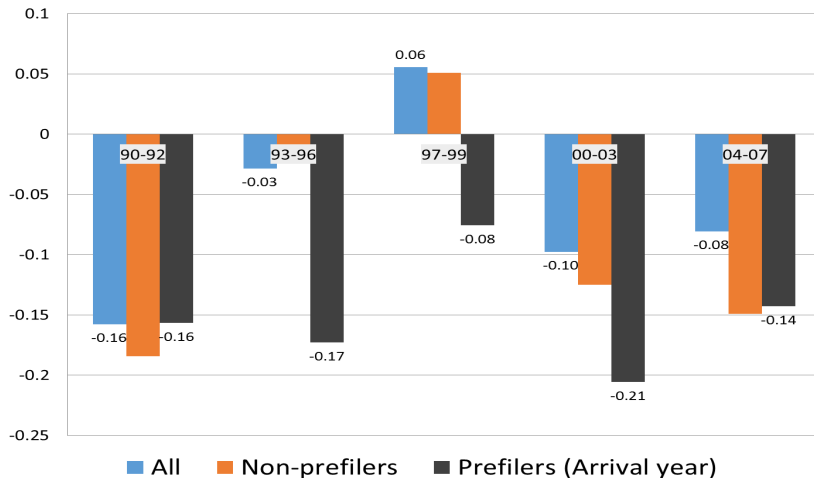
Incidence of Prefiling by Entry Category

Earnings Profiles (Males, Aged 25-54 at arrival)

- Estimate earnings profiles with intercept and return to experience (Canadian and foreign) allowed to vary by arrival cohorts

- Control variables:
  - ◇ education
  - ◇ language
  - ◇ source region
  - ◇ marital status
  - ◇ province of residence
  - ◇ provincial unemployment rate

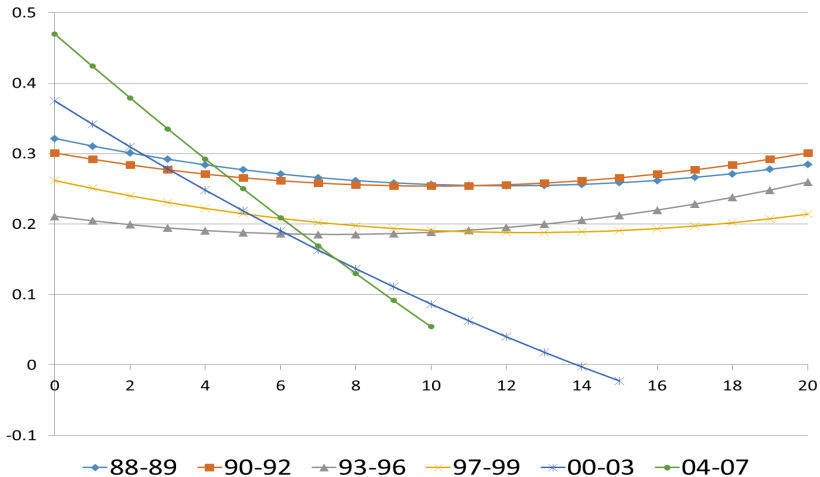- Regression specification similar to that used by Aydemir and Skuterud (2005)

Reference group for profiles reported in this presentation: university educated; residing in Ontario; arriving at age 30

Entry Earnings Relative to 88-89 Cohort (log earnings)

Entry earnings relative to 1988-89 cohort lower for both Prefilers and Non-prefilers for more recent cohorts

Difference in Earning Profiles: Prefilers and Non-prefilers

Legend: 88-89, 90-92, 93-96, 97-99, 00-03, 04-07

Persistent earnings advantage for Prefilers

Earning Profiles Prefilers and Non-prefilers

- Entry earnings higher for Prefilers: 20% to 60%, depending on arrival cohort

  ◇ higher return to foreign experience

- Earnings advantage is persistent for Prefilers (except for most recent cohorts - truncation?)

  ◇ similar return to Canadian experience

Work in Progress

- What explains the difference in the earnings profiles between prefilers and non-prefilers?

- Possibilities:
  - ⋄ Immigration entry program - refugees versus economic class
    - Economic immigration programs increasingly targeting TFWs and International Students
  - ⋄ Nature of prior Canadian exposure: education versus work
  - ⋄ Credential and foreign experience recognition