Labor Force Trends of Recently-Arrived Refugees During the COVID-19 Pandemic

Lindsay Robbins and Robin Ghertner

KEY POINTS

- Recent results from the Annual Survey of Refugees revealed the COVID-19 pandemic negatively affected employment among recently-arrived refugees. Their unemployment rate increased by 4.2 percentage points in 2020, compared to 2.4 percentage points for the general U.S. population.
- The increase may be a result of many factors aside from the general economic downturn, including delays in obtaining critical employment-related documentation, such as Social Security cards.
- Recently-arrived refugee men experienced the largest increase in unemployment from early 2020 to early 2021, at 4.8 percent.
- Recently-arrived male and female refugees cited health conditions as a main reason for not participating in the labor force, while refugee women also cited caregiving as the most common reason for not participating.

INTRODUCTION

The economic downturn caused by the COVID-19 pandemic created a significant shift in the U.S. labor force, which led to record levels of unemployment. In April 2020, unemployment rates spiked at 14.4 percent, rising from 4.5 percent in March, according to official estimates from the Bureau of Labor Statistics. The number of Americans participating in the labor force fell by more than two percentage points, from 62.6 percent in March to 60 percent in April 2020. Historically, the U.S. refugee population has had higher unemployment rates than the general population (Kreisberg et al., 2022), yet little to no research has been done to evaluate the impact of the COVID-19 pandemic on refugees' labor force participation. This brief first examines unemployment among the recently-arrived U.S. refugee population from pre-pandemic in early 2020, to post-pandemic in early 2021 using the 2019 and 2020 Annual Survey of Refugees (ASR). Then, the brief further analyzes select labor force characteristics of refugees in the 2020 ASR by subgroups, including by arrival cohort, region of origin, and age.

DATA AND METHODS

The ASR is a cross-sectional, nationally representative sample of recently-arrived refugees in the United States managed by the Office of Refugee Resettlement (ORR). The survey includes refugees who have entered the U.S. in the last five years prior to survey administration and are above the age of 16 at the time of the interview. As a result, the ASR does not provide a nationally representative view of all refugees in the U.S., only recent arrivals. The ASR only samples refugees, not other populations that can receive resettlement services, such as special immigrant visa holders, asylees, and Cuban-Haitian entrants. For the 2019 ASR, this includes refugees who entered in Fiscal Years (FY) 2014 through 2018, while the 2020 ASR includes FY 2015 through FY 2019 entrants. The 2019 ASR was conducted in early 2020 and the 2020 ASR was conducted in early 2021, which provides a unique perspective of the employment situation immediately before the start of the COVID-19 pandemic, and one year into the pandemic. Comparisons across 2019 and 2020 survey years should keep in mind that the surveys overlap for four out of the five arrival years (2015 through 2018), however, the ASR is not a longitudinal survey.

All analyses were conducted incorporating the complex sampling design of the ASR, including survey weights and stratification. All graphs in the main text include point estimates, with 90 percent confidence intervals. All differences described in the text are statistically significant at p<0.10, unless otherwise noted. Statistical tests were compared between years of data (2020 vs 2021), and across subgroups within 2021 (gender, age, entry cohort, and region). Comparisons for select labor force indicators are made to the general population to provide context for the experience of recently-arrived refugees. In these cases, the analysis averaged public estimates from the official unemployment statistics from the Bureau of Labor Statistics using the Current Population Survey (CPS). The analysis uses non-seasonally adjusted estimates for the months of January to March of the given year to make valid comparisons to the refugee data, and the data source is indicated when used. Importantly, the questions on labor force in the ASR were modeled from the CPS, ensuring comparable statistics across the surveys.

In this analysis, individuals are classified as unemployed if they were not employed during the survey reference week, they were available for work during that week except for temporary illness, and they made at least one active effort during the prior four-week period to find a job or were temporarily laid off and expecting to be recalled to their job. Unemployment rate is the number of unemployed people as a percentage of the labor force.

There are two main limitations of the ASR that reduce the ability to produce precise estimates. First, the survey instrument was re-designed for the 2020 ASR to include additional questions and revise phrasing on certain questions. Therefore, some comparisons in this brief may not be exact, and some comparisons across years, such as questions about employment training programs, were not possible. A second limitation is that the relatively small sample size does not permit precise estimates for subgroups and specific aspects of labor force participation. In particular, comparisons across the 2019 ASR and 2020 ASR for subgroups cannot be done with confidence, and as such, much of the analysis focuses on the 2020 ASR.

RESULTS

Recently-Arrived Refugees Experienced a Larger Increase in Unemployment than the General Population, with Important Differences Between Women and Men

Prior to the start of the COVID-19 pandemic in March of 2020, recently-arrived refugees had higher levels of unemployment than the general U.S. population. While unemployment spiked for both groups during the pandemic, refugees had a slightly larger increase in unemployment from early 2020 to early 2021.

Table 1 shows the unemployment rates for recently-arrived refugees and the U.S. population. According to ASR data, prior to the pandemic, unemployment for refugees was 11.7 percent in early 2020, while the U.S. population as a whole had an unemployment rate of 4.1 percent. From early 2020 to early 2021, refugees saw an increase of 4.2 percentage points in unemployment (from 11.7 to 15.9 percent), compared to a 2.4 percentage point increase for the general population (from 4.1 to 6.5 percent).

Figure 1. First Quarter Unemployment Trends of Recently-Arrived Refugees and U.S. Population by Gender, 2020 and 2021
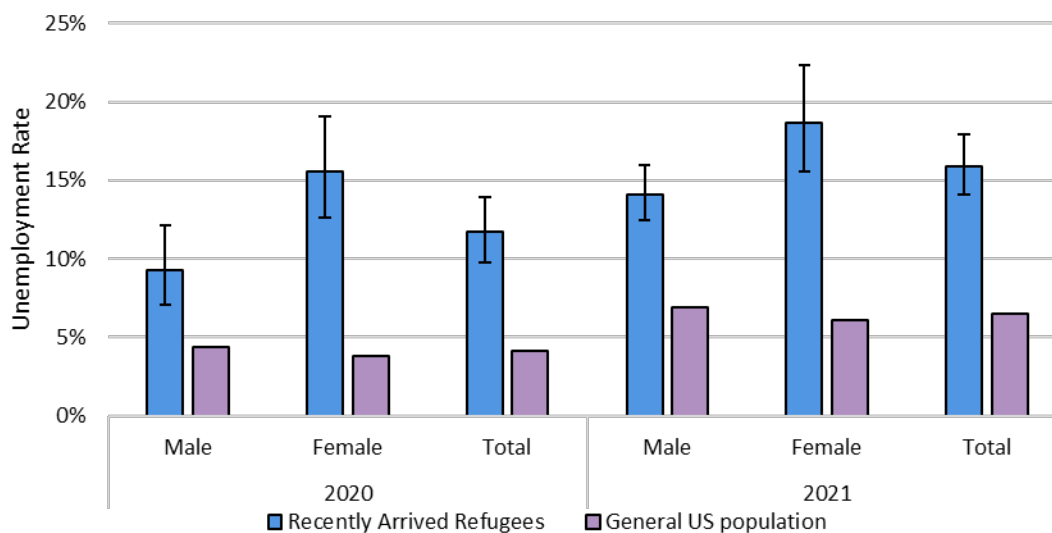
Sources: For refugees, Annual Survey of Refugees, 2019-2020, N=3,476. For the general population, Bureau of Labor Statistics Current Population Survey. All estimates are not seasonally adjusted.
Notes: Each year includes refugees arriving in the previous five years. Refugee unemployment was measured in January-March of 2020-2021. Unemployment was calculated for the general U.S. population by averaging unemployment for January-March of 2020 and 2021. Black bars represent 90% confidence intervals.

As shown in Table 1, male refugees had a larger increase in unemployment than female refugees, with men seeing a 4.8 percentage point increase relative to a 3.1 point increase for women. In particular, refugee men had a greater increase than men in the general U.S. population. Recently-arrived refugee men saw a 4.8 percentage point increase in unemployment, compared to 2.5 percentage point increase for all men in the U.S. Importantly, the estimated change in unemployment for recently-arrived refugee women from 2020 to 2021 is not statistically significant, and as such this analysis cannot speak with precision on trends for this group.

## Refugee Unemployment Rates in 2021 Varied Substantially Across Subgroup

While unemployment increased for recently-arrived refugees from 2020 to 2021, the COVID-19 pandemic likely did not impact all refugees equally. This section analyzes unemployment rates and participation in the labor force for various subgroups of refugees in early 2021. Figures 2 through 4 show unemployment and labor force participation in early 2021 for recently-arrived refugees, broken down by arrival cohort, region of origin, and age group. These subgroupings capture differences among refugees resulting from a range of factors, including the social and economic conditions of arrival; cultural and linguistic characteristics; and differences in educational and work experience.

The ASR categorizes refugees into three arrival cohorts, shown in Figure 2. While there are only small differences between cohorts, refugees who arrived in 2015 and 2016 appeared to have the highest unemployment rate in early 2021. There is a statistically significant difference in unemployment rates between the cohort that arrived in 2015-2016, and the cohort that arrived in 2019. However, there are no significant differences between the other cohort years.

There was some variation in employment trends across region of origin, shown in Figure 3. While most differences are not statistically significant, refugees from the Middle East had an unemployment rate of 28.3 percent, which is significantly higher than the other regions, including the lowest unemployment rate of 8.6 percent for refugees from Ukraine. In addition, refugees from the Middle East had the lowest labor force participation rate at 46.2 at percent, compared to 76.6 percent for refugees from Latin America, who had the highest participation rate.

Lastly, Figure 4 shows unemployment rates and participation in the labor force for refugees

Figure 2: Labor Force Trends by Arrival Cohort, Q1 2021
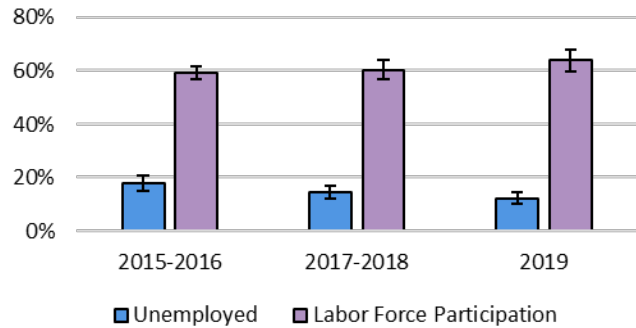
Source: Annual Survey of Refugees 2020. N Labor Force=1,862. N Total=3,093. Refugee unemployment was measured in January-March of 2021. Black bars represent 90% confidence intervals.
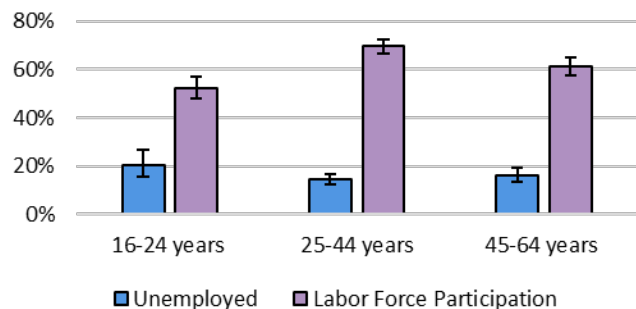
Figure 3: Labor Force Trends by Region, Q1 2021
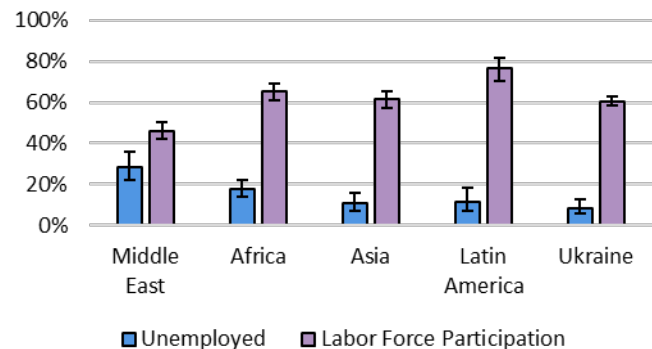
Source: Annual Survey of Refugees 2020. N Labor force=1,411. N Total=2,299
Note: The "Eastern Europe" region includes Ukraine only. Refugee unemployment was measured in January-March 2021. Black bars represent 90% confidence intervals.

Figure 4: Labor Force Trends by Age, Q1 2021

Source: Annual Survey of Refugees, 2020. N=1,804. N Total=3,012. Refugee unemployment was measured in January-March of 2020 and 2021. Black bars represent 90% confidence intervals.

from different age groups. Refugees ages 25-44 had the lowest unemployment rate at 14.4 percent, and the highest participation rate at 70.4 percent. There was no statistically significant difference between the other age groups.

Health and Caregiving Concerns Were Main Reason for Not Participating in the Labor Force

In 2021, health concerns were the most commonly cited reason why recently-arrived refugees did not participate in the labor force. Over one third of refugees not in the labor force cited a health condition as the main reason they were not searching for work, and 27.4 percent cited childcare or family responsibilities. Nearly 14 percent of refugees said that being over retirement age was a reason for not being in the labor force.

When broken down by gender, women were about as likely to report caregiving responsibilities as health conditions as reasons to not participate in the labor force. Approximately 39 percent of female respondents reported caregiving as their reason, compared to 37.5 who reported a health condition. Male respondents, however, were significantly less likely to choose caregiving compared to a health condition; only 7.2 percent of men chose the former, while 41.5 percent chose the latter. There was no statistically significant difference in the percent of men and women who chose retirement age as their reason for not participating in the labor force.

DISCUSSION

The unemployment rate of recently-arrived refugees increased between early 2020 and early 2021, following the economic downturn caused by the COVID-19 pandemic. Overall, refugees saw a 4.2 percentage point increase in unemployment, higher than the 2.4 percentage point increase experienced by the general U.S.

Figure 5: Select Reasons Recently-Arrived Refugees Report Not Searching for Work, Q1 2021
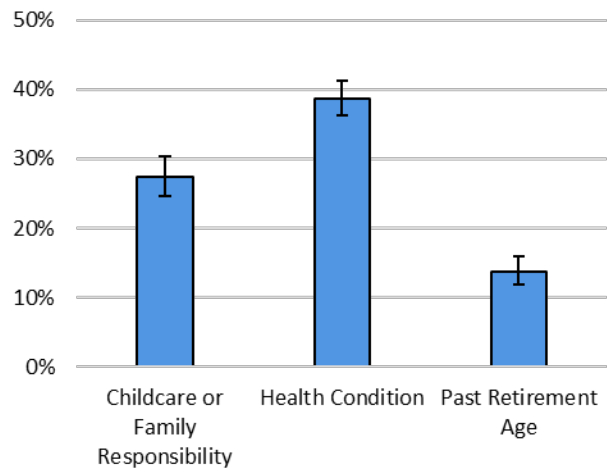
Source: Annual Survey of Refugees, 2020. N=1,147
Note: "Health Condition" is measured using a combined variable for health issues, disability, and the COVID-19 crisis. Some respondents may have chosen more than one option. Black bars represent 90% confidence intervals.

Figure 6: Select Reasons Recently-Arrived Refugees Report Not Searching for Work by Gender, Q1 2021
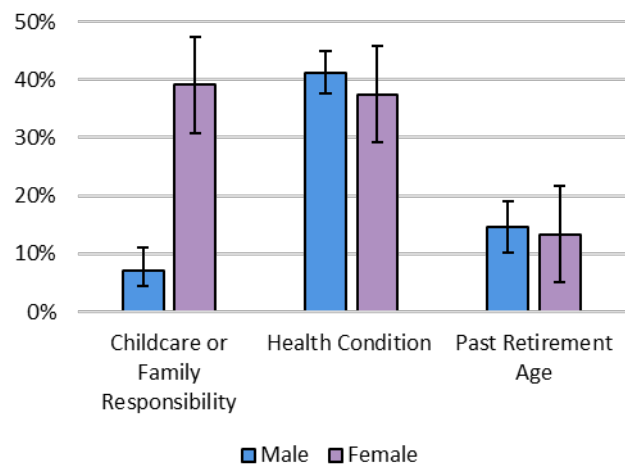
Source: Annual Survey of Refugees, 2020. N=1,147
Note: "Health Condition" is measured using a combined variable for health issues, disability, and the COVID-19 crisis. Some respondents may have chosen more than one option. Black bars represent 90% confidence intervals.

population. The estimate from the ASR is comparable to ORR administrative data from the Matching Grant employment program, which found a four percentage point drop in employment from fiscal years 2019 to 2021.

Refugee men were likely more vulnerable to the economic downturn, with men seeing a greater increase in unemployment than women. Among other possible reasons, this could be because refugee men are more likely to work in fields more affected by the pandemic. Some of the difference in unemployment trends between men and women may also be related to different rates of participation in the labor force, where women refugees have generally lower participation rates. Other institutional factors affected by the pandemic may also have contributed to lower labor force outcomes. For example, this may be attributed to documentation delays due to Social Security Office closures during the early period of the pandemic, which research has found affected access to social security services (Government Accountability Office, 2022; Mullen & Maestas, 2022).

Refugees are a diverse group, from different countries, speaking different languages, having different social networks established in the U.S., and having different pre-arrival experiences. Accordingly, this analysis finds that labor force trends were not the same for all recently-arrived refugees. Over the first three months of 2021, this analysis finds that unemployment rates varied based on refugees' arrival year. Refugees who arrived in 2015 or 2016 had higher unemployment rates than those who arrived more recently in 2019. There is some existing research that supports this finding – a recent study found that refugees experienced declines in employment the longer they live in the U.S. (Kreisberg et al, 2022). There could be a range of reasons for this, for example, initial resettlement efforts may prioritize immediate employment and the lack of opportunities for skill development may limit career advancement. It could also be that earlier cohorts differ substantially than more recent arrivals – for example, Middle Eastern refugees were more predominant in the earliest arrival cohort, and they had higher unemployment rates than refugees from other regions in 2021. More research is needed to explain this trend to provide guidance for potential changes to employment services offered either as part of refugee resettlement services, or as part of programs for the general U.S. population.

Unemployment rates also varied based on region of origin. Refugees from the Middle East had the highest unemployment rate of 28.3 percent, while refugees from Eastern Europe had the lowest at 8.6 percent. This finding could result from multiple factors, including education, language barriers, social networks in the U.S., and culture. As pointed out above, approximately 73 percent of refugees in this sample from the Middle East arrived in the 2015-2016 cohort, and the time of arrival may influence this group's employment outcomes. Further research should be done to understand the factors driving regional differences in employment outcomes. The ASR may not be the best tool to understand detailed employment trends across refugee groups with different regional origins, given its limited sample size and cross-sectional design.

Lastly, this analysis finds that health conditions and caregiving are the main reasons refugees cite for not participating in the labor force, with the former being the largest reason for men, and the latter the largest reason for women. While 39.1 percent of women not in the labor force chose childcare or family responsibilities as their primary reason, only 7.2 percent of men chose this option. This finding suggests that there may be a need for childcare services for refugee women who wish to work, particularly following the COVID-19 pandemic when more women had to drop out of the labor force to care for children. Overall, 38.8 percent of respondents cited a health concern (including

COVID-19) as their reason for not working. More research is needed to understand what drives this finding – it could be refugees have lower access to health care, less access to specific types of treatments needed for work, or had health concerns related to COVID-19 that caused them to drop out of the labor force.

These results do not represent causality between changes in labor force trends and the pandemic, but instead describe the overall trends of labor force participation among refugees before the COVID-19 pandemic, and one year into recovery. There are several limitations to using the ASR to analyze employment trends among refugees. One main limitation is sample size, which limits our ability to fully understand (and tease apart the causal paths by which) the impact that COVID-19 had on labor force trends for subgroups of refugees. In addition, because the ASR only surveys refugees from the previous five years, it does not allow for analysis of refugees who have been in the country for a longer period and who may not have continued access to refugee programs and assistance.

Nevertheless, this study provides a snapshot into the employment situation for refugees immediately following the COVID-19 pandemic, which is useful for help determining which refugee population may be in most need of assistance. While these results show that recently-arrived refugees fared worse than the general population following the pandemic, resettlement services and other employment assistance likely played an important role in preventing even more drastic drops in employment. More areas for research to expand on these findings could be to compare larger sample sizes across 2019 or earlier to determine the true impact that COVID-19 had on refugee employment. More research could also explore participation in programs available to refugees, such as job training, housing support, or education programs, and analyze how those programs may or may not have provided security for refugees in the wake of COVID-19 and beyond. Finally, this study only focused on a few measures of employment outcomes. More work is needed to understand trends in refugee wages, hours worked, occupation and industry.

REFERENCES

Government Accountability Office (GAO). 2022. Social Security Administration: Remote Service Delivery Increased during COVID-19, but More Could Be Done to Assist Vulnerable Populations. (GAO Publication No. 23-104650). Washington, D.C.: U.S. Government Printing Office. https://www.gao.gov/assets/gao-23-104650.pdf

Kreisberg, A. N., De Graauw, E., & Gleeson, S. (2022). Explaining Refugee Employment Declines: Structural Shortcomings in Federal Resettlement Support. *Social Problems*.

Mullen, K., & Maestas, N. (2022). Economic Conditions, the COVID-19 Pandemic Recession, and Implications for Disability Insurance in the United States. *Wharton Pension Research Council Working Paper*, (2022-14).

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

ABOUT THE AUTHOR
Lindsay Robbins is a Social Science Analyst in the Data and Technical Analysis Division in the Office of Human Services Policy and Office of the Assistant Secretary for Planning and Evaluation.

SUGGESTED CITATION
Robbins, L. and Ghertner, R. (2023). *Estimates of the Impact of the COVID-19 Pandemic on Refugees Labor Force Participation*. Washington, DC: U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation.

DISCLOSURE
This communication was printed, published, or produced and disseminated at U.S. taxpayer expense.

_____