

The Effect of Immigration on the Living Arrangements of Elderly Natives

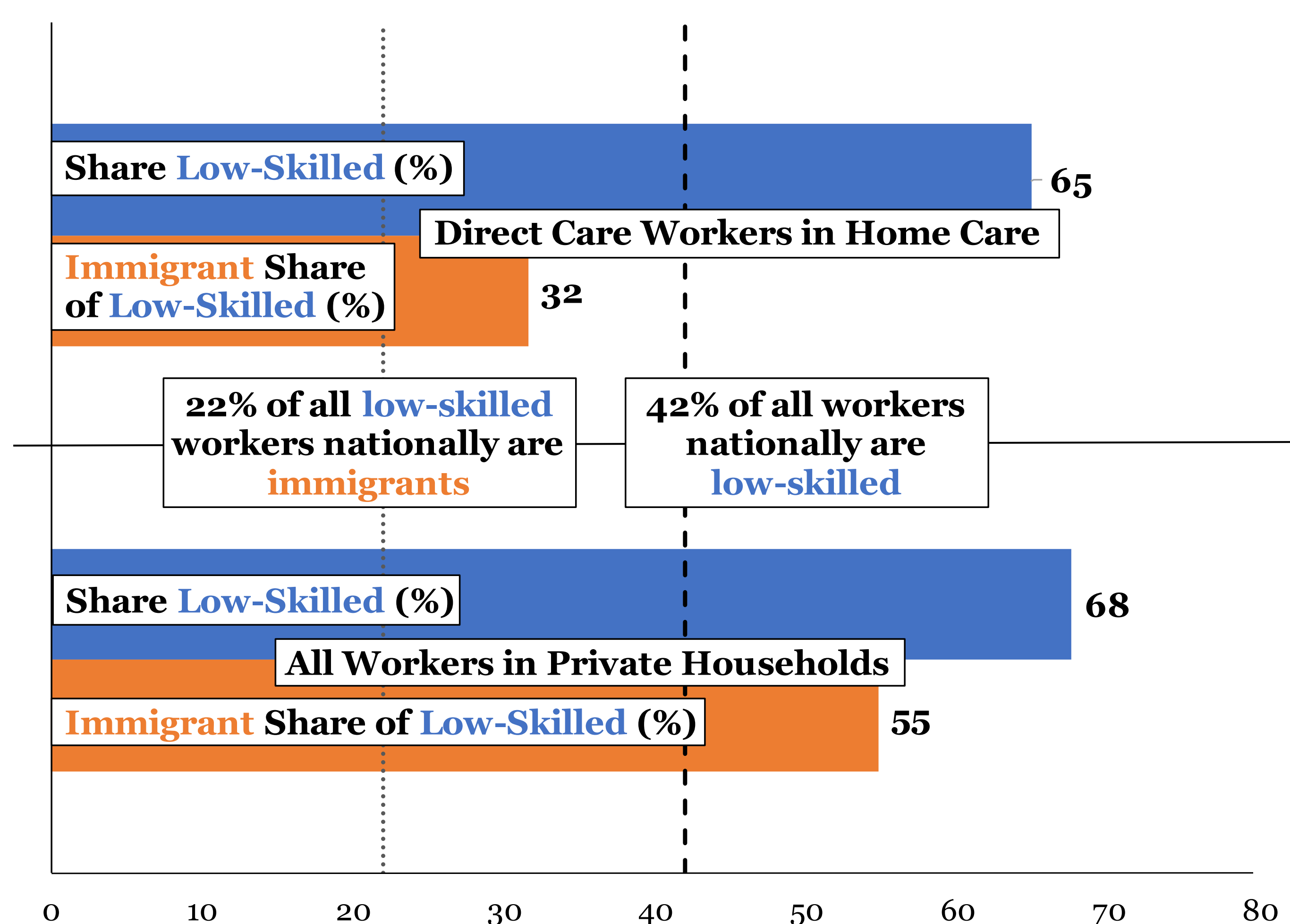
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I. INTRODUCTION

1. The elderly (age 65+) population will nearly double by 2060 ([Census](#))
2. 77% of adults age 50+ want to **remain in their homes for the long term** ([AARP](#))
3. 69% of adults age 65+ have some functional difficulty ([NCHS](#))
4. Low-skilled workers, especially immigrants, are important to the workforce providing services that support **aging in place**



Research Question

What is the effect of low-skilled immigration on elderly native living arrangements?

1. **Aging in place**: Not living in a nursing home
2. **Aging in place with support**: Aging in place but neither home alone nor at home with only a spouse
3. Potential mechanism: Cost of aging in place

	I(Aging in Place)	I(Supported Aging in Place)	ln(Real Hourly Wage)
Low-Skilled Immigrants / Low-Skilled Labor Force	0.04** (0.020)	0.30*** (0.049)	-1.04*** (0.220)
First-Stage <i>F</i> -Statistic	31.60	31.60	11.93
Dependent Variable Mean	0.95	0.25	1.92
Observations	2,168,966	2,168,966	27,682
Sample	Elderly Natives	Elderly Natives	Low-Skilled Workers Working in Private Households

II. DATA

1980 – 2000 Censuses (1970 Census for Instrument Shares)

- Main Analytic Sample: Elderly Natives
- Mechanism Sample: Low-Skilled Workers Working in Private Households

III. METHODS

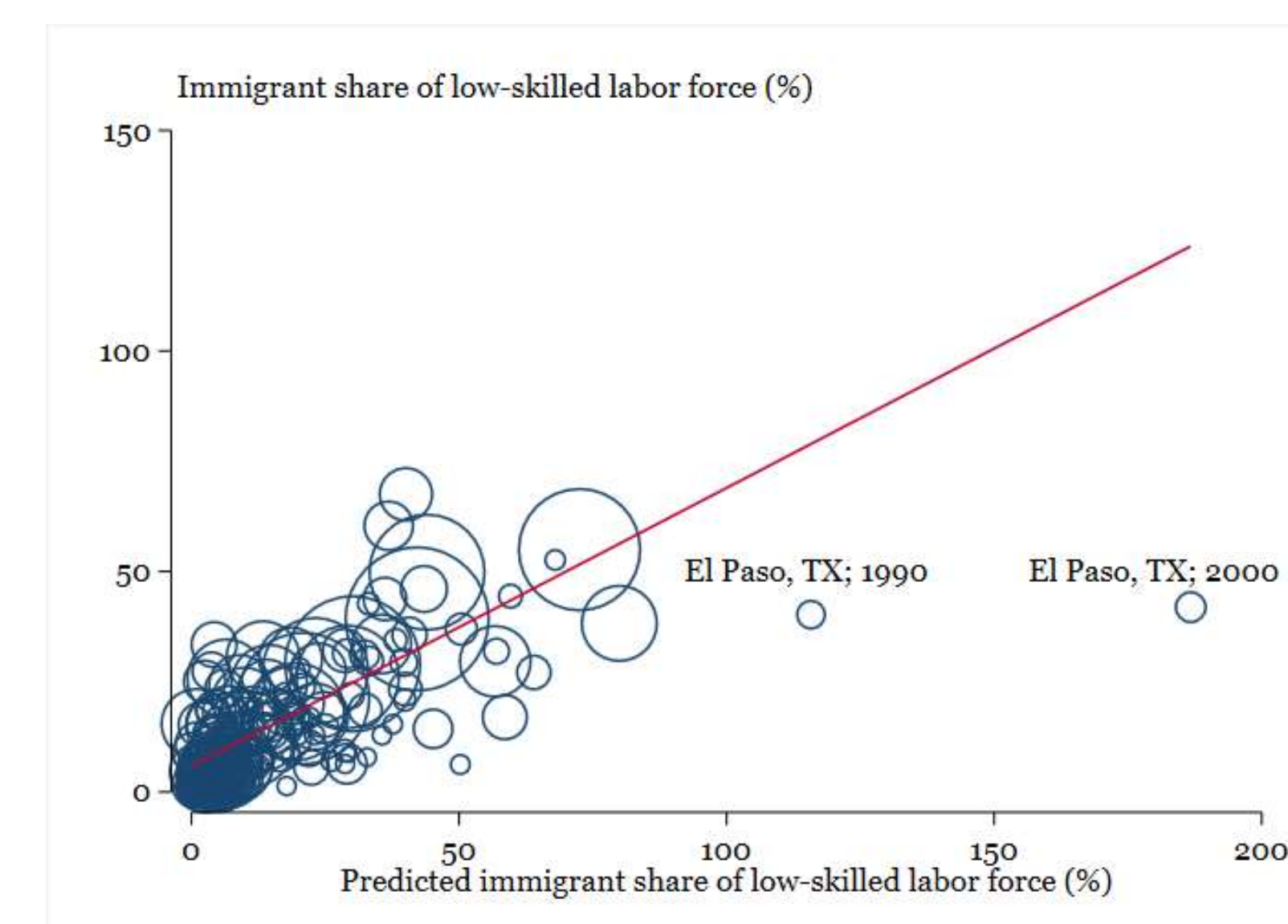
Linear Probability Model for Elderly Native i , Metropolitan Area l , Decade t

$$I(\text{Living Arrangement})_{it} = \beta_0 + \beta_1 \frac{\text{Low-Skilled Immigrants}}{\text{Low-Skilled Labor Force}_{it}} + X_i' \theta_i + \phi_l + \phi_t + \epsilon_{it}$$

Solve Potential Endogeneity with Immigrant Enclave Instrument

$$\frac{\sum_b \left(\frac{\text{Immigrants}_{l,1970}^b}{\text{Immigrants}_{1970}^b} \times \text{Low-Skilled Immigrants}_{it}^b \right)}{\text{Low-Skilled Labor Force}_{it}}$$

Relevance Aggregate First Stage *F*-Statistic: 12.67



Exclusion Restriction The share of immigrants in a particular location is uncorrelated with current local economic shocks that may affect elderly living arrangements

IV. RESULTS

A 1 percentage point (6.20% of the mean) increase in low-skilled immigration...

1. increases the probability that an elderly native will age in place by 0.04 percentage points (0.04% of the mean)
 - ~18k people at the mean
2. increases the probability that an elderly native will age in place with support by 0.30 percentage points (1.20% of the mean)
 - ~34k people at the mean
3. lowers the wages of low-skilled workers in private households by 1.03% (0.54% of the mean)

See paper for: Robustness to three alternative analyses · Falsification test for wages · Lack of heterogeneity · Comparison to literature

V. CONCLUSION

1. While immigration keeps the elderly out of nursing homes, it also increases the number of elderly aging in place with support who would have been aging in place independently otherwise.
2. Low-skilled immigration is an effective way to increase aging in place which may improve quality of life and lower total healthcare costs.