The Labor Market Returns to Permanent Residency

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Abstract

We study the labor market returns to permanent residency using administrative data that links temporary and permanent visa records from 2004-2019 to matched employer-employee data in Canada. Using an event study design that exploits variation in the timing of permanent visa receipt among approximately 50,000 immigrants who initially arrived on temporary visas, we estimate the impact of permanent residency on labor market outcomes. We find a sharp, immediate, and persistent increase of 6 percentage points in the probability of switching jobs following the transition to permanent residency. Additionally, we find an increase in labor earnings of 10–15 percent, with 20–40 percent of the gain attributable to a higher likelihood of employment at high-wage firms. To interpret these results, we develop a search-and-matching model featuring heterogeneous workers and firms, where permanent residents are treated the same as domestic natives, while temporary visa holders search separately within a segmented labor market. We calibrate the model to match our empirical estimates and use it to simulate the incidence and efficiency effects of alternative immigration policies for temporary and permanent residents.

**** PRELIMINARY AND INCOMPLETE ****

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1 Introduction

Immigrants have far-reaching effects on the economy and the labor market. Labor economists have studied how immigrants affect employment, wages, and wage inequality (Card, 1990, 2001; Borjas, 2003). Furthermore, researchers have studied the fiscal impacts of immigration, both directly, through taxes and government transfers (Blau and Mackie, 2017), and indirectly, through their impact on the wage distribution (Colas and Sachs, 2024). Beyond the labor market, economists have studied how immigrants affect the prices of non-tradable goods and services (Cortes, 2008), local real estate rental prices (Saiz, 2003, 2007), and even voting behavior (Halla et al., 2017; Mayda et al., 2022).

Economists typically interpret an increase in immigration as an increase in aggregate labor supply, which in turn affects the labor market through the structure of aggregate labor demand. For example, textbook models predict that an increase in the number of immigrants with low levels of education will increase the relative wages of natives with high levels of education and decrease the relative wages of natives with low levels of education (Katz and Murphy, 1992). In this standard framework, the labor market effects of immigration primarily depend on immigrants' human capital since in competitive labor markets, workers are paid their marginal product (which depends on a worker's skill and the aggregate supply of workers of different skill levels in the economy).

This framework, while undoubtedly useful, abstracts from important institutional features of immigration in practice. In many countries, immigrants typically arrive either as temporary visa holders or as permanent residents, and while some visa programs allow immigrants to have the same "freedom of movement" between jobs as native-born citizens, others – such as the H-1B visa program in the United States – essentially "tie" immigrants to particular employers (U.S. Citizenship and Immigration Services, 2025). Such distinctions between different types of visa could be important for the labor market outcomes of immigrants. For example, a "closed" visa may affect an immigrant's bargaining power and ability to search for more productive matches in the labor market, and thus overall wage growth.

This paper examines the labor market consequences of different types of visas by studying immigrants in Canada who transition from temporary visa holders to permanent residents. To

do this, we assemble data covering temporary and permanent visa records from 2004 to 2019 for roughly 50,000 Canadian immigrants linked to Canadian matched employer-employee administrative data. The visa records let us observe the precise year and month that each visa was awarded (and the year and month that each visa ended, if the visa was temporary).

We use the linked data and an event-study analysis to estimate the causal effects of permanent residency (PR) on labor market outcomes. Our research design compares across cohorts of immigrants arriving to Canada in different years but who took the same amount of time to transition from a temporary visa holder to a permanent resident. This design effectively "matches" temporary foreign workers based on their time-to-permanent residency and leads to a straightforward event study analysis that compares cohorts of immigrants who arrived to Canada in different years. Intuitively, our research design treats the duration of temporary residency as endogenous (allowing, for example, for higher-skilled immigrants to get awarded permanent residency more quickly, all else equal), but assumes that the specific year of arrival is plausibly exogenous. In support of this identifying assumption, we find that the event-study figures for all of our main labor market outcomes show minimal pre-trends in the years leading up to the award of permanent residency. Additionally, we consistently find sharp changes in many different labor market outcomes immediately after permanent residency is awarded.

Turning to our main results, we find clear "on-impact" effects of permanent residency on the probability of a job-to-job transition. The effect is immediate and persistent, with an increase of roughly 6 percentage points each year during the first five years after permanent residency. The job-to-job transition rates for temporary visa holders are very low prior to their transition to permanent residents, so the 6 percentage point increase is a very large proportional effect and brings the immigrant transition rates fairly close to the average job-switching rates for domestic workers.

Alongside the increased job switching, we find a clear increase in labor earnings of about 10-15 percent over five years, with somewhat larger earnings increases for the immigrants with lower levels of education. The earnings effects emerge quickly and increase steadily over time, plausibly because of the persistently higher rates of job switching.

Lastly, we examine the sorting behavior of temporary workers who transition to permanent residency. To explore the role of firm heterogeneity, we estimate firm fixed effects from the full-

population matched employer-employee data using a two-way fixed effects model for earnings. We find that when a temporary foreign worker transitions to permanent residency, they sort to firms with greater firm pay premia. Our estimates indicate an average increase in the firm fixed effects of about 3-4 percent. The firm pay premia emerges quickly and steadily increase after permanent residency, mirroring the patterns for the labor earnings results. If we divide the estimated firm pay premia effects by the estimated earnings effects, we conclude that sorting to "high-wage firms" accounts for about 20-40 percent of the overall earnings effects.

We interpret our reduced-form empirical results by developing a search-and-matching model with heterogeneous workers and firms that builds on the framework in Lise et al. (2016). In the model, firms can post job vacancies either for domestic workers and permanent workers or for temporary foreign workers (TFWs). In order to post a vacancy for a temporary foreign worker, a firm must pay an application cost and can only post a vacancy for temporary workers if the application is successful (which happens probabilistically). Alternatively, job vacancies can be posted to recruit domestic workers and permanent residents, and we allow for both search by unemployed workers as well as on-the-job search for employed domestic workers and permanent residents. Workers are matched to vacancies at random using an aggregate matching function, and wages are set by Nash bargaining.

As in Lise et al. (2016), workers can use outside offers to bid up their wages when they randomly meet a more productive firm, and productive firms can poach workers that are searching on the job. However, for temporary workers, we assume that they cannot be poached. This is consistent with the institutional details of the Temporary Foreign Worker Program in Canada, which effectively "ties" the TFWs to the specific employers that initially hired them. This design feature gives employers greater monopsony power over the temporary workers they employ. The model predicts that immediately after a temporary worker becomes a permanent resident, the probability of job switching increases and the earnings of the immigrants increase steadily as workers gradually move to more productive firms. Thus, the model can readily and parsimoniously match all our main reduced-form results. We then calibrate the model to match our reduced-form results and use the calibrated model to analyze counterfactual policies.

Our paper makes several contributions to the literature. First, our paper complements existing

evidence on the effects of temporary worker mobility restrictions in the United Arab Emirates (Naidu et al., 2016), United States (Hunt and Xie, 2019; Wang, 2020), and New Zealand (Townsend and Allan, 2024). Relative to Naidu et al. (2016), we provide evidence from a high-income country with visas that are fairly comparable to the temporary visas and permanent residency laws in the United States and other high-income countries. Hunt and Xie (2019) and Wang (2020) analyze survey data from the National Survey of College Graduates (NSCG), where employment and wages are recorded biennially for two or three cycles for a relatively small number of temporary foreign workers.[1] We complement Hunt and Xie (2019) and Wang (2020) by using large-scale administrative matched employer-employee data containing the near universe of temporary workers in Canada over a 16-year period, along with a novel difference-in-differences design which conditions on time-to-PR and exploits the differential timing of entry to Canada. Our large administrative dataset allows us to estimate event studies separately for low- and high-skilled workers, and consider a wider range of labor market outcomes. Townsend and Allan (2024) find that the elimination of temporary work restrictions in New Zealand increases job mobility but does not have an effect on earnings for migrants who obtain permanent residence. We complement Townsend and Allan (2024) by considering a novel research design as discussed above and investigating the effect of permanent residence on worker sorting to heterogeneous firms. Furthermore, Townsend and Allan (2024) analyze counterfactual scenarios using a static frictionless model of the labor market. In contrast, we develop a dynamic search-and-matching model which captures the institutional features of the temporary foreign worker labor market, such as restrictions on job mobility, and features labor shortages (based on the "tightness" of the labor market) which often motivates governments' use of temporary visas. With our model, we can explore counterfactual scenarios that are more perhaps relevant to visa policy in our setting and the United States, such as shortening or lengthening the average length of time before temporary immigrants are allowed to become permanent residents.

Second, our paper is related to literature on the determinants of immigrant earnings and the recent work studying sorting and the role of firms in understanding earnings inequality between immigrants and natives. Recent evidence suggests that new migrants tend to cluster at low-wage

[1]Hunt and Xie (2019) examines job mobility and Wang (2020) examines both job mobility and wages using a fixed effects design.

firms (Amior and Stuhler, 2024; Gyetvay and Keita, 2024), and our work complements these papers by showing that temporary workers move to high-wage firms when mobility restrictions are eliminated. Other papers show that firm heterogeneity and differential sorting of immigrants and natives into firms are important for the immigrant-native pay gap (Pendakur and Woodcock, 2010; Dostie et al., 2023; Brinatti and Morales, 2024; Arellano-Bover and San, 2024; Tino, 2024; Xu, 2024), and we complement this literature by focusing on the role of the specific visa in shaping the labor market outcomes of immigrants. More broadly, our paper contributes to the literature on the determinants of immigrant earnings in Canada (Ferrer et al., 2006; Skuterud and Su, 2012; Fortin et al., 2016; Javdani and McGee, 2018; Adda et al., 2022) by demonstrating that temporary work permit restrictions lead to lower earnings for temporary foreign workers.

Lastly, we contribute to the literature on optimal immigration policy (Beach et al., 2011; D. A. Green and Worswick, 2017; Brochu et al., 2020; Doyle et al., forthcoming) by developing a new model of the labor market effects of immigrants that carefully distinguishes between temporary residents and permanent residents, and we calibrate the model to match our results and analyze counterfactual policies. The model is useful for understanding why the effects of an increase in immigration may depend on the share of the immigrants that are temporary versus permanent residents. We show how this model may be useful for evaluating a wide range of alternative immigration policies, including changes to the acceptance rate of employer applications for temporary foreign workers.

The remainder of our paper proceeds as follows. Section 2 presents a brief discussion of the Temporary Foreign Worker Program (TFWP) in Canada and other relevant institutional details. Section 3 describes the data that we use in our empirical analysis, which include the matched employer-employee data and the databases on temporary residents and permanent residents. Section 4 describes our research design and how we identify and estimate the average effect of permanent residency among the sample of individuals who begin as temporary residents and then transition to permanent residents. Section 5 presents our results. Section 6 presents our search-and-matching model. Section 7 describes our model-based calibration and our analysis of counterfactual policies. Section 8 concludes.

2 Background

2.1 The Temporary Foreign Worker Program

In this section, we describe the Temporary Foreign Worker Program (TFWP) in Canada. There were major reforms to the TFWP in 2014, so we consider the periods before 2014 and after 2014 separately. For an overview of the TFWP timeline, see Figure A1 in the Online Appendix.

2.1.1 Before 2014

The Temporary Foreign Worker Program (TFWP) was established by the Canadian federal government in 1973.[2] The main objective was to help employers address labor shortages when they were unable to fill vacancies with Canadian workers. The program initially allowed firms to hire high-skilled foreign workers. In 2002, the Low-Skill Pilot Project expanded the program to include a separate stream for low-skilled workers. Between 2002 and 2014, whether a foreign worker would be hired through the high-skill or low-skill stream depended on their occupation. Occupations were classified during this period into low-skilled and high skilled using National Occupation Classification (NOC) codes. Occupations with NOC codes 0 (managerial), A (professional), or B (skilled and technical) were categorized as high-skilled, whereas individuals with NOC codes C (intermediate and clerical) or D (elemental and labourer) were categorized as low skilled.

Gross and Schmitt (2012) explain that there were three key restrictions associated with temporary work permits under the TFWP:

1. The temporary permits were fixed-term employment contracts, typically lasting one to two years, though many TFWs sought renewals or alternative work permits to extend their stay in Canada.

2. The permits were "closed work permits," meaning that TFWs were not allowed to switch employers.

[2]The TFWP was distinct from the seasonal agricultural worker program (SAWP) launched in 1966 and the Live-in Caregiver Program (LCP) which began in 1981.

3. There was a requirement to leave Canada after work permit expiration (unless the permit was renewed or a new permit was obtained).

There was no limit on the cumulative duration that TFWs could remain in Canada on a work permit until 2011, when the government implemented the "four-in, four-out" rule requiring TFWs to leave Canada for four years after accumulating four years of work experience.[3]

To hire a TFW, employers were required to first apply for a Labour Market Opinion (LMO) issued by Human Resources and Skills Development Canada (HRSDC). Appendix F.1 shows an example LMO application form for the low-skilled stream, and Appendix F.2 shows an example LMO application form for the high-skilled stream. The purpose of the LMO was for HRSDC to determine whether hiring the TFW would have an adverse affect on the Canadian labour market. A "positive" or "neutral" LMO indicated that the TFW would have a positive or neutral affect on the Canadian labor market, and was required for the employer to hire the TFW. Elgersma (2014) outlines the main conditions for a positive or neutral LMO:

1. The TFW must receive wages and working conditions comparable to those of Canadians in the same occupation and geographic region.

2. The employer must have made a "reasonable effort" to hire or train a Canadian worker before recruiting a TFW.[4]

3. The employer must provide evidence that hiring the foreign worker does not interfere with an ongoing labor dispute at the workplace.

Employers increased their chances of obtaining a positive or neutral LMO if they were also able to show that hiring the TFW would be beneficial to the Canadian labor market, for example if the worker filled a labor shortage, created new job opportunity, or transfered skills to Canadian workers.

Although employers were required to ensure that the wages and employment conditions of TFWs were comparable to those of Canadian workers in similar occupations in the same geographic region,

[3]The four-in, four-out rule was subsequently eliminated in 2016.

[4]Proving that "reasonable effort" was made to recruit Canadians typically required first publicly advertising the job opening to Canadians before recruiting a TFW. The initial advertising requirements were 2 weeks within 3-months of requesting the LMO. The minimum advertisement length was later increased to 4 weeks in 2013 (Government of Canada, 2013).

it has been argued that many employers paid TFWs below market wages and subjected them to inferior working conditions (Thompson, 2016;Brochu et al., 2020).

Once granted a positive or neutral LMO, employers often collaborated with international recruitment agencies to hire TFWs. Employers also used job advertisements to attract TFWs – in some cases, they structured job postings in ways that appeared designed to favor foreign applicants, such as requiring specific language skills unrelated to the job's essential duties.[5] There were no significant application fees to request the LMO until 2013, when the government introduced a $275 application fee (Government of Canada, 2014).

Between 2002 and 2013, the government implemented several policies to facilitate employers' access to TFWs. For instance, the Expedited LMO Pilot was launched in 2007, which allowed employers in Alberta and British Columbia to fast-track work permit applications for workers in 19 high-skilled and 14 low-skilled occupations (Skuterud and O'Donnell, 2022). Overall, there was a significant increase in the use of the TFW program in Canada during this period, with more than 3,500 employers using temporary foreign workers for 30% or more of their workforce (including 1,123 employers for 50% of their workforce) (Elgersma, 2014). Figure 1 shows that the number of TFWs with an LMO increased from 18,435 in 2002 to 79,195 in 2013.

2.1.2 After 2014

In 2012–2013, media reports indicated that employers were exploiting the TFWP by overhiring and becoming overly reliant on temporary foreign workers, prompting the federal government to implement major reforms in 2014 (Skuterud and O'Donnell, 2022).[6] One important change was the replacement of the LMO with the Labour Market Impact Assessment (LMIA). The LMIA process was more stringent than the LMO (Skuterud and O'Donnell, 2022). For example, the LMIA required employers to provide additional details proving that they made a reasonable effort to recruit Canadians, such as the number of Canadian applicants to a job posting, the number interviewed,

[5] A notable example of this was a mining company in British Columbia that required Mandarin proficiency for low-skilled labor, as described in the December 7, 2012 CBC article, "Mandarin required in worker permits for B.C. mine project" (CBC News, 2012).

[6] For example, in December 2012 CBC news published an article about a mining company in British Columbia requiring mandarin for low-skilled workers ("BC mine to hire only Chinese temporary workers for years" (CBC News, 2012)). See Skuterud and O'Donnell (2022) for more details.

and justifications for not hiring them (Government of Canada, 2014). Employers were also required to attest that that hiring the TFW would not result in job losses for domestic workers at worksites employing TFWs. Appendix F.3 shows an example LMIA applicaton form.

Another modification was the division of the TFWP into high-wage and low-wage streams, based on whether the offered wage exceeded the median provincial or territorial wage. These wage-based streams differed from, but were similar to, the previous classification based on skill levels. High-wage positions typically included managerial, scientific, professional, technical, and skilled trades roles, while low-wage positions primarily encompassed general laborers, food counter attendants, and sales and service workers (Government of Canada, 2014).

There were several other significant reforms to the TFWP in 2014. The application fee increased to $1,000 per position requested. In addition, the federal government introduced a cap limiting the proportion of low-wage temporary foreign workers to reduce employers' reliance on TFWs. For employers with at least 10 workers applying for a new LMIA, the cap would limit the number of TFWs to 10% of an employer's workforce, phased in from 2015 to 2016 (Government of Canada, 2014). Also, the "four-in, four-out" rule was eliminated in 2016, allowing TFWs to renew their work permits and remain in Canada longer than 4 years if desired.

2.2 Permanent Residency Programs

Most Temporary Foreign Workers (TFWs) hold temporary work permits that do not guarantee permanent residency, requiring them to apply through standard PR channels. There are four main programs that TFWs typically use to obtain PR: the Federal Skilled Worker Program (FSWP), the Canadian Experience Class (CEC), the Provincial Nominee Program (PNP), and the Family Class.

2.2.1 The Federal Skilled Worker Program (FSWP)

The FSWP, introduced in 1967, uses a point system to assess candidates based on factors such as language proficiency, education, work experience, and age. When the FSWP was first introduced, it also awarded points for short-term factors, such as occupational demand or pre-arranged employment, but a significant reform occurred in 2002 with the introduction of the *Immigration and Refugee Protection Act* (IRPA). The IRPA shifted the focus of the FSWP to long-term factors like education,

language proficiency, and work experience, while removing categories related to occupation-specific demand (A. G. Green et al., 2011).

2.2.2 The Canadian Experience Class (CEC)

In 2008, the federal government introduced the Canadian Experience Class (CEC) as a fast-track pathway to permanent residence (PR) for high-skilled workers with Canadian work experience. Before the CEC, TFWs with Canadian work experience would have to apply for PR through the regular immigration streams, often facing long processing times. Many had to return to their home country while awaiting a PR decision (Government, 2012). To address this issue and retain high-skilled individuals, the government created the CEC to prioritize PR applications from high-skilled TFWs and international students already working in Canada, thus facilitating their transition to PR (Government, 2012). Initially, the CEC required two years of full-time work experience within 36 months, but this was reduced to one year in 2012. Note that since 2015, Immigration, Refugees, and Citizenship Canada (IRCC) requires individuals who are eligible for both the CEC and FSWP to apply to the CEC before the FSWP (Thevenot, 2022).[7]

2.2.3 The Provincial Nominee Program (PNP)

Established in 1998, the PNP was introduced in response to concerns from Prairie and Atlantic provinces that they were not receiving enough immigrants, as most newcomers at the time settled in Vancouver, Toronto, and Montreal (Seidle, 2013).[8] At the time, federal programs also did not fully address provincial employment needs. The PNP was designed to allow provinces to participate in the immigration selection process based on their specific economic and demographic priorities.[9] For example, Manitoba has historically had high demand for low-skilled immigrants which would not be eligible for PR under federal programs such as the FSWP. There is a lot of variation in scope and size of PNP streams across provinces, with different streams for both high-skilled and low-skilled

[7] In 2015, the federal government introduced the Express Entry system to streamline the PR application process. Express Entry is not a standalone PR program but an online system that centralizes applications across multiple programs. It also mandates that individuals apply to certain programs in a specific order, such as the CEC before the FSWP, if eligible for both.

[8] Although the PNP was introduced in 1998, its legislative foundation is in the *Immigration Act* of 1976 (Seidle, 2013).

[9] The federal government always makes the final decision regarding an individual's PR application, but individuals who apply for PR through the PNP can be "nominated" by their province, greatly increasing their chances of federal approval (Seidle, 2013).

workers.[10] One of the requirements associated with the PNP is that individuals must settle in the province through which they obtain PR (Seidle, 2013).

2.2.4 The Family Class

In 1976, the *Immigration Act* outlined The Family Class as an important pathway to PR. The family class offers a pathway for individuals who have family members who are Canadian citizens or permanent residents. Through the Family Class, permanent residents or citizens of Canada are able to sponsor other family members, including spouses, dependents, and parents for PR. Sponsors must commit to financially supporting the individual that they sponsor.

2.3 Pathways to Permanent Residency

In this section, we discuss the common pathways to PR for TFWs. Picot et al. (2022) analyze 5-year PR-transition rates for three cohorts: those who arrived in 2000-2004, 2005-2009, and 2010-2014. The proportion of TFWs obtaining PR within five years of arrival increased from approximately 18% for those arriving between 2000 and 2004 to 25% for those arriving between 2010 and 2014 (Picot et al., 2022). Historically, it was more common for low-skilled TFWs to transition to PR, but the gap in 5-year transition rates between low-skilled and high-skilled TFWs has narrowed for recent cohorts. Among TFWs who arrived between 2000 and 2004, 11% of high-skilled workers obtained PR within five years, compared to 30% of low-skilled workers. However, this gap narrowed for the 2010–2014 cohort, with 27% of high-skilled workers and 30% of low-skilled workers achieving PR within five years.

Initially, the PNP was a relatively minor pathway to PR, with only 477 individuals obtaining PR through this program in 1999. However, it has grown into a major pathway for both low- and high-skilled workers. This increase has been facilitated by the federal government gradually increasing the provincial caps to the number of nominations over time in response to provinces' increased demand.

[10] For example, Seidle (2013) explains that as of 2013, Ontario only admitted high-skilled TFWs through its PNP, whereas British Columbia only admitted low-skilled workers or "critical impact workers". There have been significant changes to each province's PNP over time; for example, although Ontario only admitted high-skilled workers, they launched a stream for low-skilled workers in 2016 (O'Doherty, 2017).

Historically, the FSWP was the primary pathway to PR for high-skilled TFWs, but transitions through the CEC and PNP have become increasingly common in recent years. Picot et al. (2022) show that among high-skilled temporary foreign workers (TFWs) who arrived in 2000–2004, 43% transitioned to PR through the FSWP within five years. However, this proportion dropped significantly to 8% for those who arrived in 2010–2014. By contrast, the PNP and CEC became the dominant pathways for the 2010–2014 cohort of high-skilled TFWs, with 48% obtaining PR through the PNP and 31% through the CEC. The rise in CEC and PNP admissions is partly mechanical, as the CEC program was unavailable in the early 2000's and the legislated caps to the PNP have increased over time. In addition, the popularity of the CEC among high-skilled TFWs stems from its points allocation for Canadian work experience, which they accumulate as TFWs in Canada.

Since low-skilled TFWs typically have lower levels of education and/or experience, and by definition work in low-skilled occupations, most are ineligible for the FSWP and CEC. As a result, the most common pathways for low-skilled TFWs tend to be streams within the PNP or the Family Class. Picot et al. (2022) show that for low-skilled TFWs (excluding live-in caregivers) who arrived between 2000 and 2004, the most common pathway to PR within five years was the Family Class, with 61% obtaining PR through this stream.[11] For low-skilled TFWs (excluding live-in caregivers) arriving between 2010 and 2014, the PNP became the primary PR pathway, accounting for 44% of transitions. For the 2010–2014 cohort, the Family Class share dropped to 33%, significantly lower than in the 2000–2004 cohort.

3 Data

Our primary dataset is the Canadian Employer-Employee Dynamics Database (CEEDD), a comprehensive matched employer-employee dataset maintained by Statistics Canada. The CEEDD covers the near universe of individuals and firms in Canada from 2002 to 2019. This dataset integrates several sources: the T1 Personal Master File (T1PMF), which provides individual-level demographic information such as age, location, marital status, and gender; the T4 database linked to the record

[11] According to Table 4 in Picot et al. (2022), the most common PR pathway among *all* low-skilled TFWs arriving in 2000–2004 was the Live-in Caregiver Program (LCP). However, since this paper excludes workers in the LCP, the 61% statistic is derived from Table 4 after removing live-in caregivers.

of employment (T4ROE), which includes job-level data on earnings and industry; the National Accounts Longitudinal Microdata File (NALMF), which contains details on firms' financial positions; the Immigrant Longitudinal Database (IMDB), which contains detailed demographic information on Canadian permanent residents; and the Temporary Resident (TR) File, which includes information on individuals' temporary permits.

3.1 Main sample

For our main analyses, we impose the following sample restrictions. First, we restrict the sample to individuals whose first temporary permit in Canada is associated with a Labor Market Opinion (LMO) or Labor Market Impact Assessment (LMIA).[12] This variable is only available in the Temporary Resident (TR) file from 2004 onwards, so this restricts our sample to the period 2004 to 2019. Second, we create two separate subsamples, one for low-skilled TFWs and one for high-skilled TFWs. This necessitates dropping individuals who never obtain PR because we classify TFW skill level according to their "intended occupation," which is only observed at the time of PR in the IMDB. Third, we limit the sample to individuals who are between the ages of 25 to 59, inclusive. Fourth, since individuals may hold multiple jobs in a given year, we restrict the sample to the primary job, i.e., the job with the highest earnings in a given year. The corresponding employer is defined as the "primary employer".

Next, we link the individuals that pass the above filters to firms for which we obtain firm effects from the AKM model.[13] To estimate the AKM firm effects, we use the full-population in the matched employer-employee data following the large AKM literature. The AKM firm fixed effects are identified using the subsample of *movers*, i.e., the subsample of individuals whose *primary* employer changes from one year to the next. For details on the AKM sample and estimation, see Section B in the Online Appendix.

Finally, to obtain our final sample for the empirical analyses, we drop individuals without strictly positive earnings for two years before and after obtaining permanent residency. To maximize sample size, we use a semi-balanced panel rather than a fully balanced sample, allowing individuals to enter

[12] As described in Section 2, the terminology changed from LMO to LMIA in 2014.

[13] If in year t individual i's *primary* employer does not have a firm fixed effect, we drop that individual-year from the data.

or exit the sample before or after the 2-year cut-off.

3.2 The low-skilled and high-skilled subsamples

To classify a worker's skill, we use the NOC 2016 codes associated with the individual's "intended occupation" measured at the time of permanent residency.[14] To ensure that our low- and high-skilled samples are consistent with the low- and high-skilled TFWP streams, following Cardoso et al. (2023) we classify NOC codes 0, A, and B as high-skilled and NOC codes C and D as low-skilled. While the TFWP was reformed in 2014 to classify workers based on high- and low-wages, we do not observe hourly wages in the CEEDD (only annual earnings) and thus maintain our skill classification using NOC codes for all years in the data. Note that the majority of our sample obtains PR before 2014, and the high- and low-wage streams are broadly consistent with the high- and low-skilled occupational classification prior to 2014 (see Section 2).

3.3 Measuring job-to-job transitions

A job-to-job transition occurs when one employment spell ends and another begins. A limitation of the CEEDD is that we do not observe the start or end dates of employment spells; we only observe the earnings that individuals' receive from each of their employers in any given year.[15] If we were able to observe the day, month, and year of each employment spell, we would say that a job-to-job transition occurred between the last day of the previous employment spell and the first day of the new one. However, this is not possible, so we must use earnings histories to estimate the timing of job-to-job transitions. To do so, we apply the following convention. We say that worker i experiences a job-to-job transition in year t if and only if:

1. worker i is employed by a new firm in year t,

[14] The National Occupation Classification (NOC) 2016 is the nationally accepted taxonomy and organizational framework of occupations in the Canadian labor market, maintained as part of a collaborative partnership between Employment and Social Development Canada and Statistics Canada.

[15] For temporary foreign workers in the data, we observe the start and end dates of their temporary permits. However, the end dates of the temporary permits do not necessarily correspond to the end dates of employment spells, since individuals may renew their permit, obtain a new permit, or transition to PR before their permit expires. In addition, this information is obviously not available once individuals obtain PR. When individuals first arrive in Canada, we believe it is reasonable to assume that their employment start date corresponds to the start date of their temporary permit, and so we use these initial start dates to verify an imputation procedure for earnings, described in Section 3.4.

2. the new firm is the *primary* employer for worker i in year $t+1$, and

3. worker i is no longer employed by the previous firm in year $t+1$.

Let J_{it} be a binary job-transition variable equal to one if conditions 1-3 hold for individual i in year t and zero otherwise.

This approach to measuring job-to-job transitions ensures that we capture the year when the worker starts a new employment spell. Importantly, this does not always coincide with the year in which the individual's *primary* employer changes in the data. To understand why this is the case, consider the following example. Suppose that a job-to-job transition occurs for an individual in November 2010, where they move from firm A to B, although we do not observe this exact date in the data. Instead, we observe the following earnings history for the individual:

1. \$50,000 from firm A in 2009,

2. \$45,000 from firm A and \$5,000 from firm B in 2010, and

3. \$60,000 from firm B in 2011.

The *primary* employer in 2009 and 2010 is firm A and the *primary* employer in 2011 is firm B.[16] The job transition variable J_{it} is equal to one in 2010 and zero in 2009 and 2011. Compare this to an alternative binary variable J'_{it} that is equal to one if individual i's *primary* employer in year t is different from their *primary* employer in year $t-1$.[17] Continuing with the example, J'_{it} is equal to one in 2011 and zero in 2009 and 2010. Thus, $J_{it} \neq J'_{it}$. Moreover, the preferred variable J_{it} correctly classifies the job-to-job transition in this example, while the alternative variable J'_{it} does not. In our main analyses, we use J_{it} as our preferred measure of job-to-job transitions, but we also conduct robustness exercises using J'_{it} and find that the results are similar.

[16] Assume that the individual does not receive earnings from any other firms other than what is describe above.

[17] A change in the *primary* employer is often used to measure a job-to-job transition in the AKM literature (see for example Card et al., 2018). However, as we explain, this approach to measuring job-to-job transitions potentially introduces measurement error, so we propose an alternate approach to measure job-to-job transitions for our main event-study analyses. Note that when we estimate the firm fixed effects using an AKM model, we follow the AKM literature exactly, so that the subsample of movers used to identify the firm fixed effects is defined as the subsample of individuals for which the *primary* employer changes.

3.4 Measuring full-year equivalent (FYE) earnings

We define full-year equivalent (FYE) earnings as the earnings for individual i in year t assuming that individual i is employed by their *primary* employer for all 12 months of the year. A limitation of the CEEDD is that we do not observe hours, only annual earnings, and therefore we do not know if the earnings at the *primary* employer correspond to FYE earnings. In particular, if an individual is employed by the *primary* employer for only a fraction of the year, we cannot observe their FYE earnings for that year. To overcome this limitation in the CEEDD, we impute FYE earnings by multiplying individual i's earnings in year t by 2 if and only if individual i experiences a job-to-job transition in year t. This method assumes that employment spell start and end dates are uniformly distributed throughout the year. Let Y_{it}^{obs} denote individual i's observed earnings in year t, and let $\widehat{Y}_{it} \equiv J_{it}(2Y_{it}^{obs}) + (1 - J_{it})Y_{it}^{obs}$ denote individual i's imputed FYE earnings in year t.[18]

We validate our imputation procedure for FYE earnings using the following procedure. For TFWs, we observe the start dates of their temporary work permits, which we can use as a proxy for the start dates of employment spells in the first year that the TFWs arrive in Canada (see footnote 15). Using the start dates for employment spells, we calculated the true FYE earnings for TFWs in their first year of employment using the formula $Y_{it}^{*} = \frac{365}{365-d_{it}+1}Y_{it}^{obs}$, where d_{it} is the first day of employment in the year for individual i in year t.[19] For TFWs in their first year in Canada, we then calculated their average true FYE, $\overline{Y^{*}}$, and determined that it is virtually identical to their average imputed FYE, $\overline{\widehat{Y}}$.[20]

For robustness exercises, we also impute FYE using "total earnings," defined as the sum of earnings from all employers in each year, and we find that our estimates are similar.

3.5 Summary statistics

Our summary statistics are pending disclosure review. Table 1 lists the main variables for which we will disclose summary statistics.

[18] We also use an alternate imputation procedure $\widehat{Y}'_{it} \equiv J'_{it}(2Y_{it}^{obs}) + (1 - J'_{it})Y_{it}^{obs}$, where J'_{it} is a binary variable equal to one if individual i changes their *primary* employer in year t and zero otherwise (see Secton 3.3), and we find that the estimates are similar.

[19] January 1 would be day 1, February 15 would be day 46, etc.

[20] $\overline{\widehat{Y}}$ and $\overline{Y^{*}}$ are both virtually identical to $\overline{\widehat{Y}'}$, which is the average imputed FYE created using the alternate imputation procedure (see footnote 18 for a definition of $\widehat{Y}'$).

4 Identification and Estimation

There are two types of temporary foreign workers (TFWs), those who enter through the low-skill stream and those who enter through the high-skill stream. Identification is considered within each stream, so we abstract from this difference in describing the research design, identification, and estimation.

We observe TFWs at the time of their first temporary visa and when they obtain permanent residency (their "landing year"). We denote the number of years it takes a TFW to obtain permanent residency (including the year of PR) as $g_1 \in \mathcal{G}_1$ and the landing year as $g_2 \in \mathcal{G}_2$, where $\mathcal{G}_1$ represents the set of possible time-to-PR values and $\mathcal{G}_2$ represents the set of possible years that TFWs can obtain permanent residency. In our data, $\mathcal{G}_1 = \{3, 4, 5\}$ and $\mathcal{G}_2 = \{2004, ..., 2019\}$. For each stream, we define a cohort $g = \{g_1, g_2\} \in \mathcal{G}$ where $\mathcal{G} \equiv \mathcal{G}_1 \times \mathcal{G}_2$.[21] Each individual i belongs to a single cohort g and we denote $G_i = \{G_{1i}, G_{2i}\}$ as the observed cohort for individual i, with the associated random variables G_{1i} and G_{2i} taking values in $\mathcal{G}_1$ and $\mathcal{G}_2$, respectively. To simplify, we may also write a realization as $G_i = g$ with values in $\mathcal{G}$.

With $g = \{g_1, g_2\}$, let $Y_{it}(g) = Y_{it}(\{g_1, g_2\})$ be the potential outcome for individual i in period t if they were externally assigned to cohort g. With this notation, we could consider individual i's outcome if both their time-to-PR g_1 and year-of-PR g_2 were different. In practice however, we will condition on a g_1 value and only consider counterfactual g_2 values. Thus, our identification approach and estimation strategy will be conditional on a g_1 value; as such, our common trends assumption is conditional on g_1 (Assumption 1 (CT), described below). With slight abuse of notation, we also define $Y_{it}(\infty)$ as unit i's potential outcome if they are untreated at time t. Therefore, we restrict the set of potential outcomes to $Y_{it}(\{g_1, 2004\}), \ldots, Y_{it}(\{g_1, 2019\}), Y_{it}(\infty)$ for a given g_1. Given this setup, we can represent the observed outcome Y_{it} for $G_{1i} = g_1$ as:

[21] This definition is isomorphic to defining a cohort as the combination of first year with a temporary visa in Canada and year obtaining permanent residency. Note that we can either write cohort g as $\{3, 2005\}$ for example, or $g_1 = 3 \cap g_2 = 2005$ which will be useful below.

$$Y_{it} = Y_{it}(G_i) = Y_{it}(\infty) + \sum_{g_2} \mathbb{1}\{G_{1i} = g_1, G_{2i} = g_2\}(Y_{it}(\{g_1, g_2\}) - Y_{it}(\infty)) \tag{1}$$

Remark 1. *An important implication of our cohort definition including time-to-PR is that we only observe each individual in the pre-treatment period for $g_1 - 1$ years.*[22] *Conditioning on a g_1 value means that compared to the cohort $g = \{g_1, g_2\}$, the cohort $g' = \{g_1, g_2 + 1\}$ not only obtains treatment a year later ($g_2 + 1$) but first appears in the data a year later: $g_2 - g_1 + 1$ for cohort g versus $(g_2 + 1) - g_1 + 1$. This balances our pre-treatment data in relative, but not calendar, time meaning we never have any later-treated cohorts in a cohort g's first year in the data $g_2 - g_1 + 1$.*

4.1 Assumptions

Common Trends within Time-to-PR (CT)

We adopt the standard common trends assumption, except we condition on a given time-to-PR value g_1. This allows there to be differential trends among different cohorts that obtain PR faster or slower, but common trends across cohorts that obtain PR in the same amount of time.

Assumption 1 (CT)**.** *For every pair of cohorts $g = \{g_1, g_2\}$ and $g' = \{g_1, g_2'\}$ with $g_2' > g_2$ and every pair of time periods $t \neq t'$:*

$$\mathbb{E}[Y_{it}(\infty) - Y_{it'}(\infty)|G_{1i} = g_1, G_{2i} = g_2] = \mathbb{E}[Y_{it}(\infty) - Y_{it'}(\infty)|G_{1i} = g_1, G_{2i} = g_2'] \tag{2}$$

A way to weaken the assumption would be to impose that the common trend only applies in reference to a specific pre-treatment reference year, say $t = g_2 - 1$ or $t = g_2 - 2$.[23] In practice, we rely on the slightly stronger version of common trends as we discuss below.

[22] The number of years until PR is G_{1i} for each individual, and we consider year of PR as the year of treatment, so there are $G_{1i} - 1$ pre-treatment periods per individual.

[23] Golosov et al., 2024 (GGMN) incorporate this assumption in their Online Appendix E.

No Anticipation (NA)

We also assume that, on average within a cohort g, the effect of adopting treatment in g is zero before the treatment occurs $t < g_2$. This assumes that individuals cannot predict their event date in the years beforehand in ways that allows them to change their outcome. Formally, this is stated as follows.

Assumption 2 (NA). *For every cohort $g = \{g_1, g_2\}$ and all $t < g_2$:*

$$\mathbb{E}[Y_{it}(g) \mid G_{1i} = g_1, G_{2i} = g_2] = \mathbb{E}[Y_{it}(\infty) \mid G_{1i} = g_1, G_{2i} = g_2] \tag{3}$$

Since we are considering outcomes that cannot be manipulated by the individual before obtaining PR, e.g., earnings, this assumption is plausible even if the time of PR is predictable. For example, even if a TFW knows they will get PR in a given year due to their PR application timing, since they are unable to change jobs or their earnings due to their temporary visa, no anticipation still holds. The "no anticipation" condition is a restriction on the outcome of interest which in our setting is constrained due to the institutional features of the TFW program, even if the time of PR is "fully predictable".

4.2 Target Parameter

Our target parameter that we aim to identify and estimate is the cohort-specific average treatment effect on the treated in a given year. For a given cohort g in calendar year t, we write this as $\text{ATT}_t(g)$. For example, the treatment effect 4 years after obtaining permanent residency for cohort $g = \{3, 2005\}$ is denoted $\text{ATT}_{2009}(\{3, 2005\})$.

Using potential outcomes notation, our target parameter can be written as follows (adapting from Callaway and Sant'Anna, 2021):

$$\begin{aligned} \text{ATT}_t(g) &\equiv \mathbb{E}[Y_{it}(g) \mid G_i = g] - \mathbb{E}[Y_{it}(\infty) \mid G_i = g] \\ &= \mathbb{E}[Y_{it}(g) \mid G_{1i} = g_1, G_{2i} = g_2] - \mathbb{E}[Y_{it}(\infty) \mid G_{1i} = g_1, G_{2i} = g_2] \end{aligned} \tag{4}$$

where the second line makes clear our unique setup where we define cohorts not just by their year

of treatment (obtaining PR) but how long it took them to do so. For cohort $G_i = g$, we observe $Y_{it}(g)$ for $t \geq g_2$ and $Y_{it}(\infty)$ for $t \in [g_2 - (g_1 - 1), g_2 - 1]$.[24]

The identification challenge is that we do not observe the counterfactual $\mathbb{E}[Y_{it}(\infty) \mid G_{1i} = g_1, G_{2i} = g_2]$ for $t \geq g_2$. Using Assumption 1 (CT) and Assumption 2 (NA), we can identify this counterfactual and therefore our target parameter. To demonstrate this, we pick two reference categories. First, we pick a reference pre-period $s < g_2$. Second, we pick a reference cohort of individuals, $\{g_1, g_2'\}$ with time-to-PR g_1 who are not-yet-treated by g_2 so that $g_2' > t$, who are observed pre-treatment in both s and t.[25] These restrictions imply the inequality: $g_2' > t \geq g_2 > s$.

We can then write:

$$
\begin{aligned}
&\mathbb{E}[Y_{it}(\infty) \mid G_{1i} = g_1, G_{2i} = g_2] \\
&\quad = \mathbb{E}[Y_{is}(\infty) \mid G_{1i} = g_1, G_{2i} = g_2] + \mathbb{E}[Y_{it}(\infty) - Y_{is}(\infty) \mid G_{1i} = g_1, G_{2i} = g_2] \\
&\quad = \mathbb{E}[Y_{is}(\infty) \mid G_{1i} = g_1, G_{2i} = g_2] + \mathbb{E}[Y_{it}(\infty) - Y_{is}(\infty) \mid G_{1i} = g_1, G_{2i} = g_2'] \\
&\quad = \mathbb{E}[Y_{is}(\infty) \mid \mathcal{G} = g] + \mathbb{E}[Y_{it}(\infty) - Y_{is}(\infty) \mid \mathcal{G} = g'] \\
&\quad = \mathbb{E}[Y_{is}(g) \mid \mathcal{G} = g] + \mathbb{E}[Y_{it}(g') - Y_{is}(g') \mid \mathcal{G} = g']
\end{aligned}
\tag{5}
$$

The first equality is just adding and subtracting the same item. The second equality uses Assumption 1 (CT) to equate cohort g and cohort g''s never-treated trends. The third equality is simply a redefinition of the conditioning set using our definition of g' for convenience. The fourth equality uses Assumption 2 (NA) to replace $Y_{it}(\infty)$ with $Y_{it}(g')$ and $Y_{it}(g)$ for $s < t$.

Substituting the last equality into Equation (4):

$$
\begin{aligned}
\text{ATT}_t(g) &= \mathbb{E}[Y_{it}(g) \mid \mathcal{G} = g] - \mathbb{E}[Y_{it}(\infty) \mid \mathcal{G} = g] \\
&= \mathbb{E}[Y_{it}(g) \mid \mathcal{G} = g] - \big(\mathbb{E}[Y_{is}(g) \mid \mathcal{G} = g] + \mathbb{E}[Y_{it}(g') - Y_{is}(g') \mid \mathcal{G} = g']\big) \\
&= \mathbb{E}[Y_{it} - Y_{is} \mid \mathcal{G} = g] - \mathbb{E}[Y_{it} - Y_{is} \mid \mathcal{G} = g']
\end{aligned}
\tag{6}
$$

The third line drops potential outcomes notations to show that this is a difference-in-differences

[24] This is PR year minus time-to-PR which is the first year in Canada as a TFW through the year the cohort obtains PR.

[25] In principle, one could use individuals who are never treated as a control group. In practice, all individuals receive PR at some point in our data, so this is not possible in our setting.

(DID) estimand from s to t between individuals who satisfy the restriction for g' and s using observed outcomes.

What if there is no not-yet-treated cohort in both t and s?

Due to Remark 1, it may be the case that there do not exist any individuals in a cohort g' with $g'_2 > t$ for a given time period s in the data. This will occur for a given $g = \{g_1, g_2\}$ and time period t when $t - s \geq g_1 - 1$. Even if there are cohorts that get treated in each successive year with no gaps, we cannot use Assumption 1 (CT) for only one single not-yet-treated cohort to identify our target parameter.[26] Existing approaches in the literature stop here: they only rely on later-treated cohorts that appear in both time periods s and t.

Instead, we will rely on a second control cohort, $g'' = \{g_1, g''_2\}$, that is not-yet-treated and exists in s and overlaps with cohort $g' = \{g_1, g'_2\}$ in some intermediate time period $p \in (s, t)$. This cohort g'' will be treated by t, but not at s, such that $t \geq g''_2 > s$, by definition. This overlap in year p will allow us to "chain together" the parallel trends across periods and thus identify longer-run treatment effects.

Formally, we use equation (5) and construct the counterfactual $\mathbb{E}[Y_{it}(\infty)|G_i = g]$ using the intermediate period p and cohort g'' described above:

$$\begin{aligned}
\mathbb{E}[Y_{it}(\infty)|G_i = g] =& \underbrace{\mathbb{E}[Y_{is}|G_i = g]}_{\text{Observed}} \\
&+ (\underbrace{\mathbb{E}[Y_{it}|G_i = g']}_{\text{Observed}} - \underbrace{\mathbb{E}[Y_{is}|G_i = g']}_{\text{Not observed}}) \\
=& \mathbb{E}[Y_{is}|G_i = g] \\
&+ (\mathbb{E}[Y_{it}|G_i = g'] - \mathbb{E}[Y_{ip}|G_i = g']) - (\mathbb{E}[Y_{ip}|G_i = g''] - \mathbb{E}[Y_{is}|G_i = g''])
\end{aligned} \tag{7}$$

The first equality follows from equation (5), except now we do not observe $\mathbb{E}[Y_{is}|G_i = g']$ due to there being only $g_1 - 1$ years of pre-treatment data. The second equality holds under Assumption 1 (CT),

[26] The reference period s always satisfies $s < g_2$. Depending on t, we could have $s < t - g_1$ or $s > t - g_1$. For example, consider $g_1 = 3$ and $g_2 = 2005$. Take $s = 2004$. Then for $t = 2006$, $s > t - g_1$ we could identify $\text{ATT}_{2006}(\{3, 2005\})$ using $g'_2 = 2007$ as a control group. But for $t = 2009$, $s < t - g1$. Thus, in the latter case, we could not directly identify $Y_{2009}(\infty|G_i = g)$ with a single cohort. This shows the problem that arises when we want to identify longer-run effects.

where all the objects on the right hand side are now observed components. We therefore can build the counterfactual for $G_i = g$ even when we don't observe a single cohort in both s and t.

4.3 Estimation

To introduce our empirical specification, it will be helpful to express the ATT in terms of relative time as opposed to calendar time. We define r as the relative event time. Using the relationship $r = t - g_2$, we can write $\text{ATT}_{g_2+r}(g) = \text{ATT}_r(g)$. The parameter $\text{ATT}_r(g)$ is the ATT for cohort g at relative time r. As we explain in this section, we estimate each parameter one at a time and then aggregate, so whether we estimate $\text{ATT}_t(g)$ or $\text{ATT}_r(g)$ is a matter of notation only.

To estimate $\text{ATT}_r(g)$, we follow the spirit of stacking regressions to estimate DID parameters, as in Wing et al., 2024 or used in Golosov et al., 2024. Our estimation strategy, which follows our identification approach, allows us to return a larger set of treatment effect parameters than methods that are used in the existing literature, as discussed above. A formal proof that our regression estimand recovers the ATT parameters of interest is provided in Appendix A.

Subsetting the data into "slices"

We first restrict the data to all individuals who receive PR in g_1 periods. Next, we further subset the data to include two types of individuals. The first type will be those in our cohort of interest $G_i = \{g_1, g_2\}$. The second type is comprised of any individuals whose year of PR is such that $G_{2i} > g_2$ (not-yet-treated individuals). These individuals will serve as our control observations. We keep these individuals in their pre-treatment years ($t < G_{2i}$ or $r < 0$). That is, we include observations that fit one of the two criteria below:

$$\begin{aligned} &\text{Treatment: } \{(i,t) : G_{1i} = g_1 \text{ and } G_{2i} = g_2\} \\ &\text{Control: } \{(i,t) : G_{1i} = g_1 \text{ and } G_{2i} > g_2 \text{ and } t < G_{2i}\} \end{aligned} \tag{8}$$

We add in an additional restriction: any calendar year that appears in the data must include two different cohorts and any cohort must be in the data for more than one year. This is a requirement to estimate year and cohort fixed effects separately, and is normally taken for granted in other applications. If we only have one cohort for a given calendar year, we can't separately identify both

the year and cohort effects, since there is no variation across cohorts within year.[27] The requirement of two observations per calendar year drops at least one year from the data. The earliest relative time for the treated cohort of interest will be dropped, since there is no later-treated cohorts in this time period. This will always be the case. Whether we drop the last relative time period for the cohort of interest depends on whether there are any later-treated cohorts that appear in this calendar year before they're treated.[28]

Comparison with Callaway and Sant'Anna, 2021 and Golosov et al., 2024

Callaway and Sant'Anna, 2021 and Golosov et al., 2024 keep observations in one pre-treatment reference period and a given year after the cohort of interest's treatment for both the cohort of interest and not-yet-treated cohorts. Their estimation relies on data from two time periods: the reference year and the year whose treatment effects they hope to estimate. We instead keep a larger set of observations as defined in (8): all years for treated individuals that overlap with not-yet-treated individuals and all pre-treatment years for later-treated cohorts. This larger set of observations allows us to "chain together" parallel trends and estimate a larger set of parameters, as described above in Equation (7). Each slice in CSA/GGMN estimate one cohort-by-(relative-)time effect parameter, whereas our slice estimates all cohort-by-relative time effects for a given cohort of interest.

Estimation within a slice

With the data defined as in (8), we implement the following regression to recover $\text{ATT}_r(\{g_1, g_2\})$ as δ_{rg}:

$$Y_{it} = \sum_{g_2} \gamma_g \mathbb{1}\{G_{2i} = g_2\} + \sum_{s} \tau_s \mathbb{1}\{s = t\} + \sum_{r \neq -1} \delta_{rg} \mathbb{1}\{G_{2i} = g_2, r = t - g_2\} + \varepsilon_{it} \tag{9}$$

[27] Mathematically, the requirement is that the rank of the combined year and cohort dummies needs to be equal to the number of time periods plus cohorts minus 2, for the reference groups. If there is only one observation in a year, this won't be true, since the group and year dummies for that individual will be collinear, reducing the rank.

[28] For example, a cohort with $g = \{5, 2005\}$ first appears in calendar year 2000, but the next-treated cohort with $g_2 = 2006$ first appears in 2001, so we cannot identify observations in 2000 apart from the cohort fixed effect for g. Similarly, if cohort g last appears in 2010, but $\max_{g_2} \mathcal{G}_2 = 2010$, then there are no not-yet-treated cohorts with pre-treatment periods in 2010.

where we define γ_g to be cohort fixed effects and τ_t to be calendar year fixed effects. We set $r = -1$ as the typical reference period. This specification is run among observations with the same time-to-PR value, g_1, since Assumption 1 (CT) conditions on this value. We need one time period and one cohort to serve as the reference groups for the fixed effects normalization.

The relative event-year indicators are defined only for the treated individuals with $G_{2i} = g_2$. This makes our specification almost a fully saturated specification, since we don't capture a δ for each combination of g and r. To make it fully saturated, we would interact cohort with relative time indicators, and then obtain a δ coefficient for each interaction. This would not change our estimation results, since we already have treatment status interacted with the relative event-year indicators we care about. In addition, by assumption Assumption 2 (NA), the coefficients on dummies for not-yet-treated observations are 0, and we test this only for the cohort of interest and not for the later-treated cohorts. This setup is the same as interacting relative year indicators with treatment status which would saturate the regression per Sun and Abraham, 2021, and ignoring the coefficients for not-yet-treated cohorts, except we consider later-treated cohorts as controls instead of the last-treated cohort. Note here that we are estimating many relative-time effects at once for the cohort of interest $G_i = \{g_1, g_2\}$ with this specification. This differs from Callaway and Sant'Anna, 2021 and Golosov et al., 2024 who consider specifications that estimate a single relative time parameter at once.

This specification only recovers $\text{ATT}_r(g)$, not ATT_r. In order to aggregate these parameters and their standard errors, we need to obtain the correct variance-covariance matrix across cohorts and relative times. We explain the stacking procedure in the next section.

Stacking and aggregation

We now iterate over all cohorts and create the slice subsets as defined above. Each slice is created to estimate the target parameters for a given cohort of interest, g. We create a new variable, call it the "slice indicator" which takes values in g and is constant within slice. In our setting, since g is both time-to-PR (g_1) and year-of-PR (g_1), we create a factor variable that combines these values into a string. We then combine these slices into one dataset, where some observations from our original dataset will be duplicated, but have different reference "slice indicators" since they are

used as controls for different cohorts. This stacking procedure and estimation of Equation (9) for each cohort allows us to estimate the joint variance-covariance matrix for all cohort-by-relative time estimates in one single regression.

We aggregate the parameters across cohorts in order to present a time series of treatment effects across relative time per low- and high-wage TFW stream. One way to do this is to write:

$$\text{ATT}_r \equiv \sum_g \text{ATT}_r(g)\mathbb{P}\{G_i = g \mid G_i \text{ observed at relative time r}\} \tag{10}$$

This aggregation weights the estimates by the number of observations per cohort-relative time. It may may be improper if different cohorts appear at relative time r versus say $r+1$, so comparing ATT_r to ATT_{r+1} may incorporate both the difference in relative time effects and the composition of the included cohorts.[29]

5 Reduced-Form Results

We first turn to the effect of permanent residence (PR) on job-to-job transitions, finding that PR significantly increases the probability of switching jobs. Figures 2 and 3 present relative time aggregated estimates of Equation (9), using as the dependent variable a dummy variable equal to 1 if there is a job-to-job transition and 0 otherwise. Figure 2 is estimated in the low-skill worker subsample, while Figure 3 is estimated in the high-skill subsample, as described in Section 3.1. At the time of PR, the probability of switching jobs rises by approximately 6 percentage points and remains elevated for both low-skilled and high-skilled workers, and this increase is statistically significant.

Note that Figures 2 (low-skill workers) and 3 (high-skill workers) present results using our preferred measure of job-to-job transitions, which identifies a transition in year t if a worker is employed by a new firm in t, that firm becomes their *primary* employer in $t+1$, and they are no longer employed by their previous firm in $t+1$ (see Section 3.1).[30] Figures A2 (low-skill workers)

[29] For example, if $G_{2i} \in [2005, 2010]$, regardless of g_1, we can estimate a relative time $r = 4$ ATT only for the group with $G_{1i} = 2005$. We can estimate $\text{ATT}_3(g)$ for $G_{1i} \in \{2005, 2006\}$, so the comparison between $\text{ATT}_3(g)$ and $\text{ATT}_4(g)$ will involve a change in included cohorts as well as a change in relative year.

[30] In Section 3.3, we use the notation J_{it} to denote the job transition binary variable.

and A3 (high-skill workers) present results using an alternative definition of job-to-job transition – measured as a change in *primary* employer – and show a similar pattern.[31]

We next investigate the labor market returns to PR, finding that PR increases earnings significantly for both low-skilled and high-skilled workers. Figures 4 (low-skill workers) and 5 (high-skill workers) present relative time aggregated estimates of Equation (9), using the natural logarithm of full-year equivalent (FYE) earnings as the dependent variable (see Section 3.4 for the definition of FYE earnings).[32] These figures show that both low-skilled and high-skilled workers experience a statistically significant increase in FYE earnings of 5% on average at the time of PR. These gains are persistent and continue to grow, with FYE earnings rising by approximately 9% one to two years after PR for both low- and high-skilled workers.

The results for the effects of PR on FYE earnings are robust to using different imputation procedures to measure FYE earnings. In Figures 4 (low-skill workers) and 5 (high-skill workers), we present results using our preferred measure of FYE earnings (described in Section 3.4). In this measure, earnings from the worker's *primary* employer (defined as the employer that pays the most in any given year) are doubled in any year with a job-to-job transition, where transitions are defined according to our preferred measure. Figures A4 (low-skill workers) and A5 (high-skill workers) present similar findings for low-skilled and high-skilled workers, respectively, using an alternative imputation method for FYE earnings that doubles earnings in any year when the individual's *primary* employer changes. Figures A6 (low-skill workers) and A7 (high-skill workers) show similar patterns in the effect of PR on total earnings for low-skilled and high-skilled workers, respectively, where total earnings are defined as the sum of an individual's earnings from all employers in a given year.

Finally, we investigate the effect of PR on job quality and find that both low- and high-skilled workers sort into firms that offer higher pay premiums once they obtain PR. Figures 6 (low-skill workers) and 7 (high-skill workers) present relative time aggregated results from the estimation of Equation (9) with firm fixed effects as the dependent variable, obtained from an AKM regression (described in Section B.2). These figures show a statistically significant increase in average firm fixed

[31] In Section 3.3, we use the notation J'_{it} to denote this alternate job transition variable.
[32] All monetary variables are adjusted for inflation, with 2012 as the base year in the consumer price index (CPI).

effects for both low-skilled and high-skilled workers after PR. Since firm fixed effects are constant across workers within the same firm, the increases in average firm fixed effects observed in the figures are entirely due to workers' sorting into higher-paying firms after PR. For low-skilled workers, the firm fixed effects increase by 0.04 one year after PR, which is roughly 39% as large as the increase in log FYE earnings. For high-skilled workers, the firm fixed effects increase by 0.02 one year after PR, which is around 26% as large as the increase in log FYE earnings.

6 Model

To interpret our reduced-form empirical results and consider counterfactual policies, we develop and estimate a search-and-matching model with heterogeneous workers and firms based on the framework in Lise et al. (2016).

6.1 Model Setup: Heterogeneous Workers and Firms

Workers

We assume an infinitely-lived population individuals, divided into domestics and immigrants, with a unit mass of each group. We define $x \in [\underline{x}, \overline{x}]$ as worker ability, and we define the distribution of domestic worker ability and immigrant worker ability in the full population as $l(x)$ and $l^{\text{tfw}}(x)$, respectively. In the model, we interpret immigrants as temporary foreign workers (TFWs), and when TFWs gain access to permanent residency (PR), they become observationally equivalent to domestic workers (conditional on x).

We define $u(x)$ as the distribution of x among the domestic unemployed, and we define $U \equiv \int_{\underline{x}}^{\overline{x}} u(x)dx$ as the total unemployed population. Similarly, we define $u^{\text{tfw}}(x)$ as the distribution of x among the TFW unemployed. Note that these individuals are immigrants from foreign countries who are assumed to be only searching for TFW jobs.[33] $U^{\text{tfw}} \equiv \int_{\underline{x}}^{\overline{x}} u^{\text{tfw}}(x)dx$ is defined as the total TFW unemployed population.

We assume that employed TFWs face an exogenous probability of transitioning to PR given by λ. This parameter governs the expected duration of a temporary visa. As described above, once a

[33] Formally, we assume that if a TFW that is employed loses their job, they become a "potential" TFW and must randomly match with a new employer that has applied for and successfully received a TFW permit.

TFW obtains PR, the TFW becomes observationally equivalent to a domestic worker (conditional on x) and can generate outside job offers.

Firms (and Jobs)

Firms are single-worker jobs, and jobs are characterized by a labor productivity parameter which we denote by y. Jobs are persistent, but workers can voluntary leave them through on-the-job search. There is also an exogenous separation rate given by ξ. The number of available type-y jobs in the economy is given by $n(y)$, and the total number of jobs is $N \equiv \int_{\underline{y}}^{\overline{y}} n(y)dy$. The number of jobs created is endogenous and is subject to a free-entry condition, defined below, where the marginal entrant makes zero expected profits.

Jobs are either unfilled or matched. We consider two types of vacancies. First, there are standard vacancies available to domestics (which includes TFWs who have transitioned to PR). The number of standard type-y job postings is given $v(y)$ and the total number of vacancies is defined as $V \equiv \int_{\underline{y}}^{\overline{y}} v(y)dy$. Second, there are TFW vacancies, which are posted only after an (LMIA) application is successful. The number of type-y TFW applications is $a(y)$, and the total number of TFW applications is defined as $A \equiv \int_{\underline{y}}^{\overline{y}} a(y)dy$. The number of successful type-y applications is given by $v^{\text{tfw}}(y)$, and the total number of successful applications is given by V^{tfw}. The success rate is given by $p = \frac{V^{\text{tfw}}}{A}$, which does not depend on firm type.

We define the distribution of (x, y) domestic and TFW matches as $h(x, y)$ and $h^{\text{tfw}}(x, y)$, respectively. There are separate balance equations for domestics and TFWs, which are given by the following expressions:

$$\int_{\underline{y}}^{\overline{y}} h(x, y)dy + u(x) = l(x)$$

$$\int_{\underline{y}}^{\overline{y}} h^{\text{tfw}}(x, y)dy + u^{\text{tfw}}(x) = l^{\text{tfw}}(x)$$

and

$$\int_{\underline{x}}^{\overline{x}} (h(x,y) + h^{\text{tfw}}(x,y))dx + v(y) + a(y) = n(y) \tag{11}$$

Equation 11 can be interpreted as follows. On the right-hand side is the total number of jobs for a type y firm. These jobs are either filled or unfilled. The first term on the left-hand side is the total number of filled jobs. The second term is the total number of type y vacancies. The last term is the total number of type y applications which accounts for the fact that not all applications are converted to vacancies.

In an (x, y) match, output is given by $f(x, y)$. We assume that an equally skilled domestic and TFW paired with a firm y produce the same output.

6.2 Meetings and Match Formation

Domestic Meetings

We define E as the number of domestic employed workers and let s denote the relative search intensity for domestic employed workers relative domestic unemployed workers (i.e., normalizing search intensity for domestic unemployed workers to 1). We assume that all meetings between jobs and potential workers occur randomly. The aggregate number of meetings between domestic searchers and vacancies is given by $M(U + sE, V)$.

We define $\kappa \equiv \frac{M(U+sE,V)}{[U+sE]V}$. From the worker's perspective, the rate at which an unemployed and employed domestic worker meets a vacancy of type y is given by $\frac{M}{U+sE}\frac{v(y)}{V} = \kappa v(y)$ and $s\frac{M}{U+sE}\frac{v(y)}{V} = s\kappa v(y)$, respectively. From the firm's perspective, the rate at which a vacancy meets a worker x that is currently employed at job y is $s\kappa h(x, y)$. The rate at which a vacancy meets a worker x that is currently unemployed is $\kappa u(x)$.

TFW Meetings

We assume that *if a firm's LMIA application is successful*, then the firm meets a potential TFW unemployed worker at random. Let the aggregate number of meetings between firms (whose applications were successful) and potential TFWs be given by $M^{\text{tfw}}(U^{\text{tfw}}, V^{\text{tfw}})$.

Similar to the domestic workers, we define $\kappa^{\text{tfw}} \equiv \frac{M^{\text{tfw}}(U^{\text{tfw}},V^{\text{tfw}})}{U^{\text{tfw}}V^{\text{tfw}}}$. From the worker's perspective,

the rate at which a successful type y application meets a potential TFW x is $\kappa^{\text{tfw}} v^{\text{tfw}}(y)$. From the firm's perspective, the rate at which a successful application meets a TFW worker x is $\kappa^{\text{tfw}} u^{\text{tfw}}(x)$.

Value Functions

Let $W_0(x)$ be the present value of unemployment for an x worker and let $W_0^{\text{tfw}}(x)$ be the present value of a TFW-x worker. Let $\Pi_0(y)$ be the expected value to a job of posting a vacancy, inclusive of the posting cost, and let $\Pi_0^{\text{tfw}}(y)$ be the expected value to a job of posting a TFW application. Let $W_1(w, x, y)$ be the present value of a wage contract for a domestic worker x employed at a job and let $W_1^{\text{tfw}}(w, x, y)$ be the present value of a wage contract for a TFW worker x employed at a job. Finally, let $\Pi_1(w, x, y)$ be the firm's expected profit for a domestic match and let $\Pi_1^{\text{tfw}}(w, x, y)$ be the firm's expected profit for a TFW worker.

The surplus of a match for a domestic is defined as:

$$S(x, y) = \Pi_1(w, x, y) - \max\{\Pi_0(y), \Pi_0^{\text{tfw}}(y)\} + W_1(w, x, y) - W_0(x)$$

The surplus of a match for a TFW is defined as:

$$S^{\text{tfw}}(x, y) = \Pi_1^{\text{tfw}}(w, x, y) - \max\{\Pi_0(y), \Pi_0^{\text{tfw}}(y)\} + W_1^{\text{tfw}}(w, x, y) - W_0^{\text{tfw}}(x)$$

6.3 Wages

We define the wage for a domestic worker transitioning from unemployment as $w = \phi_0(x, y)$. We assume that wages are set by Nash bargaining, which leads to the following condition:

$$W_1(\phi_0, x, y) = W_0(x) + \beta S(x, y)$$

We will see below that $W_0(x)$ includes the flow value of unemployment plus the option value of matching with a firm.

We define the wage for a newly employed TFW worker be given by $w = \phi_0^{\text{tfw}}(x, y)$. Assuming Nash bargaining, this leads the following expression:

$$W_1^{\text{tfw}}(\phi_0^{\text{tfw}}, x, y) = W_0^{\text{tfw}}(x) + \beta^{\text{tfw}} S^{\text{tfw}}(x, y)$$

Renegotiation can happen if the worker gets an outside offer (in the case of a domestic worker).

Outside Offers

As in Lise et al., 2016, we allow for domestic employed workers to receive outside offers, but not TFWs. With current match surplus of $S(x, y)$, let y' be the alternate job that the domestic worker finds with surplus $S(x, y')$. There are three possible outcomes for the worker's match:

Case 1: $S(x, y') \geq S(x, y)$

If a domestic worker finds an alternative job y' such that $S(x, y') \geq S(x, y)$, then the worker moves to the alternative job. This is because the poaching firm can always outbid the incumbent firm. When the worker switches from y to y' the new bargained wage is $w = \phi_1(x, y, y')$ which satisfies:

$$W_1(\phi_1, x, y') = W_0(x) + S(x, y) + \beta[S(x, y') - S(x, y)]$$

The worker gets the entire surplus of the current match plus a share of the incremental surplus between the two jobs.

Case 2: $S(x, y) > S(x, y') > \beta S(x, y)$

Alternatively, if the worker finds an alternative job y' that produces less surplus than the current job, but more than the worker's share of the surplus at the current job, $W_1 - W_0(x) < S(x, y') < S(x, y)$, then the worker uses the outside offer to bid up wages.

Wages are bid up because the incumbent firm renegotiates with the worker since the surplus in the current match exceeds that of the poaching firm: $S(x, y) > S(x, y')$.

In this case, the new wage is $w = \phi_2(x, y, y')$ which satisfies:

$$W_1(\phi_2, x, y) = W_0(x) + S(x, y')$$

In other words, after receiving an outside offer from firm y', the worker gets the entire share of

the surplus at the poaching firm when staying at their current firm y.

In these first two cases, the wage depends on the origin and destination firm type.

Case 3: $\beta S(x,y) \geq S(x,y')$

The worker has nothing to gain from the competition between y and y' because she cannot make a credible threat to leave, and the wage does not change.

6.4 Bellman Equations for Value Functions

Unemployed Workers

The value function for unemployed domestics can be written as:

$$rW_0(x) = b(x) + \kappa\beta \int S(x,y)^+ v(y)dy$$

Similarly, the value function for unemployed TFWs is:

$$rW_0^{\text{tfw}}(x) = b^{\text{tfw}}(x) + p\kappa^{\text{tfw}}\beta \int S^{\text{tfw}}(x,y)^+ v^{\text{tfw}}(y)dy$$

Vacant Jobs

Consider the present value of profits for an unmatched job meeting a worker from unemployment with human capital x. Substituting $W_1(\phi_0, x, y) = W_0(x) + \beta S(x,y)$ into the equation for $S(x,y)$, we get:

$$\Pi_1(\phi_0(x,y), x, y) = \max\{\Pi_0(y), \Pi_0^{\text{tfw}}(y)\} + (1-\beta)S(x,y)$$

For firms which apply for a TFW, the present value of profits for a firm which meets a TFW from unemployment with human capital x is given by the following:

$$\Pi_1^{\text{tfw}}(\phi_0^{\text{tfw}}(x,y), x, y) = \max\{\Pi_0(y), \Pi_0^{\text{tfw}}(y)\} + (1-\beta)S^{\text{tfw}}(x,y)$$

Given the above expression for the bargained wage of a poached worker, the present value of profits for an unmatched job y that posts a vacancy and meets an employed worker with human

capital x in a lower surplus match with productivity y' is:

$$\Pi_1(\phi_1(x,y,y'),x,y) = \max\{\Pi_0(y), \Pi_0^{\text{tfw}}(y)\} + (1-\beta)[S(x,y) - S(x,y')]$$

A firm always prefers matching with an x worker out of unemployment than poaching the same type of worker from another firm. This is simple to see since in this case, they get a share of $S(x,y)$ instead of $S(x,y) - S(x,y')$.

Consider the present value of a vacancy for a type-y job:

$$r\Pi_0(y) = -c + \kappa(1-\beta)\int S(x,y)^+ u(x)d(x) + s\kappa(1-\beta)\iint [S(x,y) - S(x,y')]^+ h(x,y')dxdy'$$

The firm can meet either an unemployed individual or an individual employed in a match. Note that in this case, there is no possibility of meeting any TFWs since the firm has not applied for a temporary visa permit.

If a firm wants to hire a TFW, it must apply to the government. We define the cost of an application to be c^{tfw}. If a firm tries to hire a TFW from the foreign pool of potential workers, then we have the following expression:

$$r\Pi_0^{\text{tfw}}(y) = -c^{\text{tfw}} + p\kappa^{\text{tfw}}(1-\beta)\int S^{\text{tfw}}(x,y)^+ u^{\text{tfw}}(x)dx$$

For an unfilled job, the firm compares $\Pi_0^{\text{tfw}}(y)$ to $\Pi_0(y)$.

This search-and-matching model creates a novel externality since the marginal firm's decision depends only on its private payoff, but it "congests" the market for domestic labor whenever it applies for a TFW by effectively removing a regular vacancy. This benefits other firms since they face less competition in searching for workers, but hurts regular domestic employed workers and the domestic unemployed. There are also spillover effects onto wages through the outside option for domestics and profits for firms.

Employed Workers

The value of a domestic working at wage rate w in a match (x, y):

$$[r+\xi+s\kappa v(A(w,x,y))][W_1(w,x,y)-W_0(x)] = w - b(x) - \kappa\beta \int [S(x,y')]^+ v(y')dy' + s\kappa \int_{A(w,x,y)} [\min\{S(x,y), S(x,y')\} + \beta[S(x,y') - S(x,y)]^+]v(y')dy'\}]$$

where $A(w,x,y) = \{y' : W_1(w,x,y) - W_0(x) < S(x,y')\}$ is the set of jobs that can lead to a wage change and $v(A) = \int_A v(y)dy$. The first term on the RHS is wage net of the flow value of unemployment. The second term is the expected excess value to the worker following an outside offer.

Employed TFWs

For employed TFWs working at wage rate w in a match (x, y), this is:

$$[r+\xi+\lambda][W_1^{\text{tfw}}(w,x,y) - W_0^{\text{tfw}}(x)] = w - b^{\text{tfw}}(x) - p\kappa^{\text{tfw}}\beta \int [S^{\text{tfw}}(x,y')]^+ v(y')dy' + \lambda(W_1(w,x,y) - W_0(x))]$$

The first term is the net flow value of employment. The second term captures the expected value of transitioning to PR. When obtaining PR, the value of employment becomes the same as the value for domestic worker at the firm. Intuitively, a TFW produces the same amount for the firm. But now they have access to the same outside offers as regular workers. Thus, the firm must pay them the same wage in equilibrium.

Match output and joint surplus

First, consider a domestic match. Define $P(x, y)$ as the value of joint production of a (x, y) match. Thus, $S(x,y) = P(x,y) - W_0(x) - \max\{\Pi_0(y), \Pi_0^{\text{tfw}}(y)\}$.

We show in the Appendix that:

$$
\begin{aligned}
(r+\xi)S(x,y) =& f(x,y) \\
&+ s\kappa\beta \int [S(x,y') - S(x,y)]^{+} v(y')dy' \\
&- \left(b(x) + \kappa\beta \int S(x,y)^{+} v(y)dy \right) \\
&- \max \Bigg\{ - c^{\text{tfw}} + p\kappa^{\text{tfw}}(1-\beta) \int S^{\text{tfw}}(x,y)^{+} u^{\text{tfw}}(x)dx, \\
&- c + \kappa(1-\beta) \int S(x,y)^{+} u(x)dx + s\kappa(1-\beta) \int [S(x,y) - S(x,y')]^{+} h(x,y')dxdy' \Bigg\}
\end{aligned}
$$

Note that the surplus of a match for a domestic depends on λ and p through $S^{\text{tfw}}(x,y)$.

Next, consider a TFW match. Following similar steps, we obtain:

$$
\begin{aligned}
(r+\xi+\lambda)S^{\text{tfw}}(x,y) =& f(x,y) \\
&- \left(b^{\text{tfw}}(x) + p\kappa^{\text{tfw}}\beta \int S^{\text{tfw}}(x,y)^{+} v^{\text{tfw}}(y)dy \right) \\
&- \max \Bigg\{ - c^{\text{tfw}} + p\kappa^{\text{tfw}}(1-\beta) \int S^{\text{tfw}}(x,y)^{+} u^{\text{tfw}}(x)dx, \\
&- c + \kappa(1-\beta) \int S(x,y)^{+} u(x)d(x) + s\kappa(1-\beta) \int [S(x,y) - S(x,y')]^{+} h(x,y')dxdy' \Bigg\} \\
&+ \lambda[S(x,y) - (W_0^{\text{tfw}}(x) - W_0(x))]
\end{aligned}
$$

6.5 Steady-State Equilibrium

In a stationary equilibrium, outflows=inflows separately for domestics and TFWs. Thus, for all (x,y) we have the following two expressions. First, for domestics, we have:

$$
\underbrace{(\xi + s\kappa v(\overline{B}(x,y)))h(x,y)}_{\text{Outflows of domestics}} = \underbrace{[u(x) + sh(x,B(x,y))]\kappa v(y) + \lambda h^{\text{tfw}}(x,y)}_{\text{Inflows of domestics}}
$$

where $\overline{B} = \{y' : S(x,y') \geq S(x,y)\}$ is the set of jobs that imply an improvement in match surplus.

Second, for TFWs, we have the following expression:

$$\underbrace{(\xi+\lambda)h^{\text{tfw}}(x,y)}_{\text{Outflows of TFWs}} = \underbrace{u^{\text{tfw}}(x)p\kappa^{\text{tfw}}v^{\text{tfw}}(y)}_{\text{Inflows of TFWs}}$$

The distribution of matches is determined by these steady-state equations. The unemployment distribution and distribution of vacancies then follows from the balance equations above.

6.6 Free-entry condition

Following Lise et al (2016), we exogenously set the profitability threshold such that the lowest productivity job in the support makes zero profits. Thus, the free-entry condition is given by:

$$\max\{\Pi_0(\underline{y}), \Pi_0^{\text{tfw}}(\underline{y})\} = 0$$

The number of jobs, N, is given endogenously by this condition.

6.7 Welfare

The social welfare function is defined as follows:

$$W = \int f(x,y)(h(x,y)+h^{\text{tfw}}(x,y))dxdy + \int (b(x)u(x)+b^{\text{tfw}}(x)u^{\text{tfw}}(x))dx - cV - (c^{\text{tfw}}/p)V^{\text{tfw}}$$

Consider the optimal p.

6.8 Predictions

Proposition 1: *The probability of job-to-job transition increases after PR and remains elevated.*

Proof: See section C.3.1.

Proposition 2: *Conditional on worker type, earnings for TFWs converge to earnings for domestics after PR.*

Proof: See section C.3.2.

7 Calibrations

TO BE COMPLETED

8 Conclusion

This paper provides new evidence on the labor market returns to permanent residency using administrative data linking temporary and permanent visa records to matched employer-employee data in Canada. We find that obtaining permanent residency has substantial and persistent effects on immigrants' labor market outcomes. Specifically, permanent residency increases the probability of job-to-job transitions by approximately 6 percentage points, increases earnings by 10-15 percent, and leads to higher-quality job matches as measured by firm-specific pay premia.

Our empirical findings show that these effects emerge immediately after permanent residency is granted and persist for at least five years. The job mobility effects demonstrate how restricted employment options under temporary work permits reduces temporary visa holders' earnings and job match quality. The earnings gains that follow permanent residency are substantial, with about 20-40 percent of these gains attributable to temporary foreign workers sorting into higher-paying firms upon obtaining permanent residency.

To interpret these findings, we develop a search-and-matching model with heterogeneous workers and firms that allows for differential job mobility between temporary and permanent residents. The model captures the application cost necessary for firms to hire temporary foreign workers, which creates a novel externality by "congesting" the market for domestic labor by effectively removing regular vacancies. Our model shows how mobility restrictions for temporary foreign workers creates labor market frictions and prevents efficient matching between workers and firms. When these restrictions are lifted through permanent residency, immigrants can search broadly and move to higher-productivity, better-paying jobs. The model's predictions align closely with our empirical results.

Our paper contributes to the literature on immigration by highlighting the importance of visa status beyond focusing on immigrants' human capital. While previous work has documented

earnings differences between immigrants and natives, our findings demonstrate how institutional factors – particularly work permit restrictions – contribute to these differentials. These results have implications for immigration policy design, suggesting that the speed at which temporary workers are able to obtain permanent residency significantly affects both their ability to find good-quality, high-earning jobs while having quantifiable spillover effects onto the job opportunities of domestic workers.

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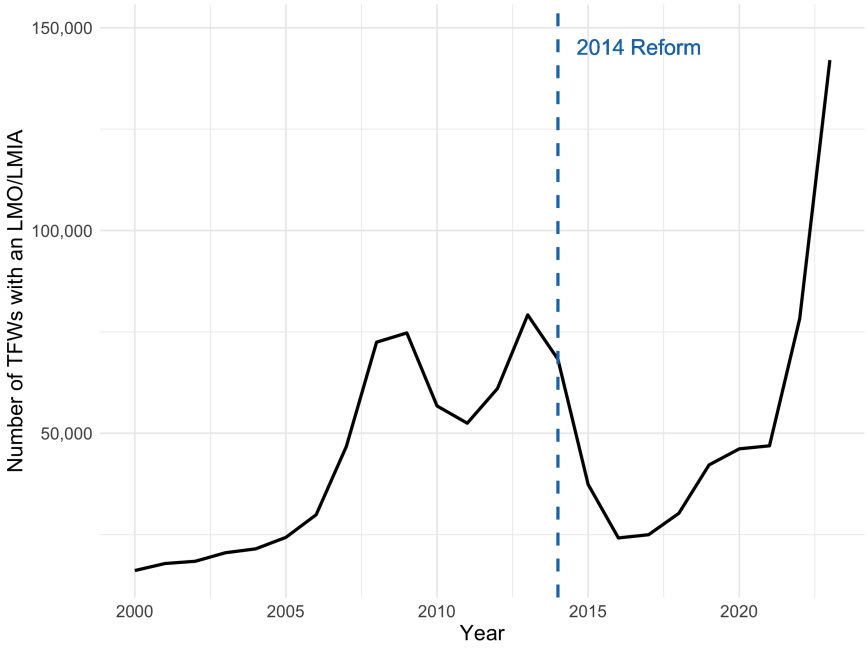
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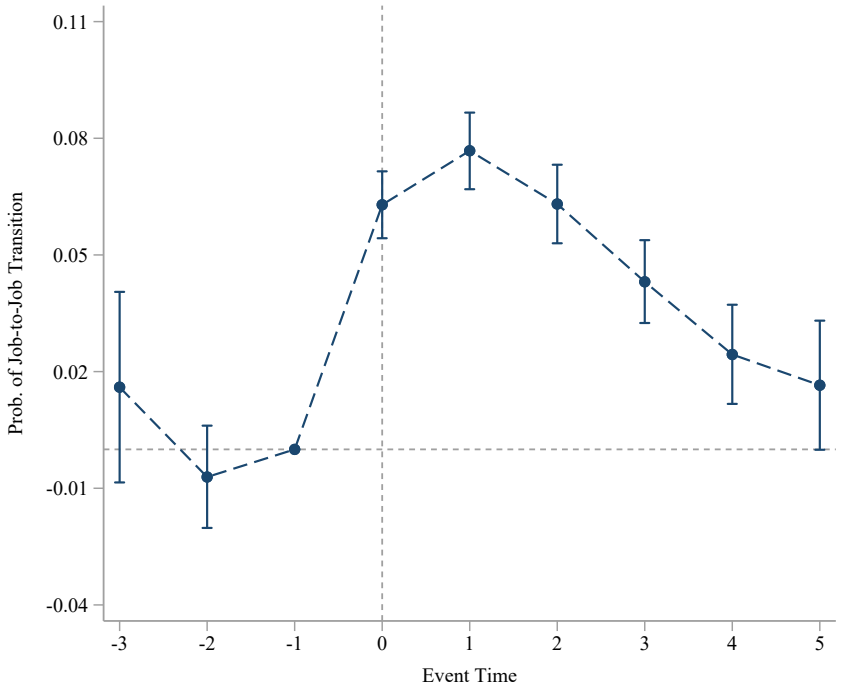
Main Figures

Figure 1: Temporary Foreign Workers (TFWs) with an LMO or LMIA in Canada, 2000 – 2023



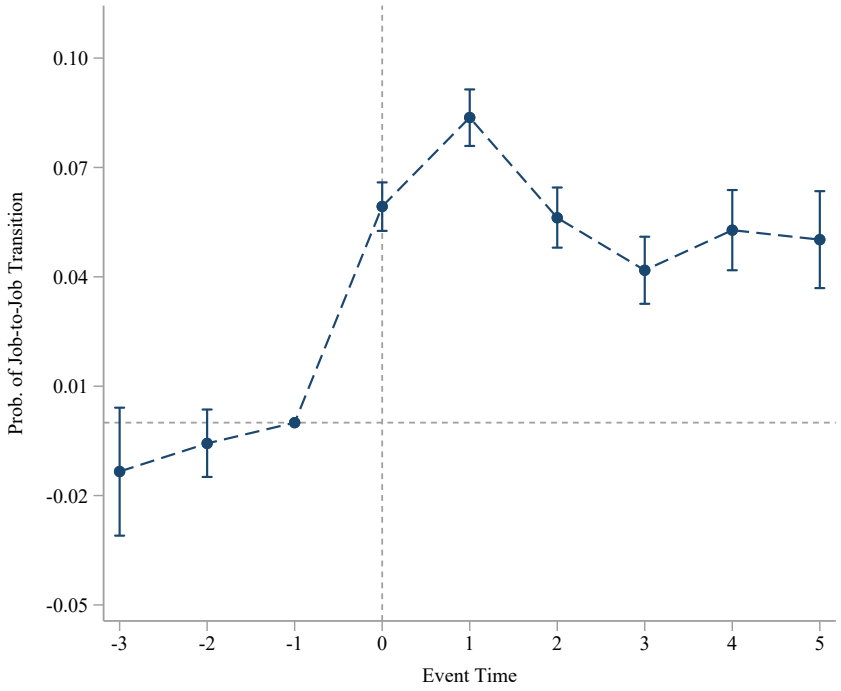
Notes: This figure presents the number of temporary foreign workers (TFWs) in Canada with a Labour Market Opinion (LMO) or Labour Market Impact Assessment (LMIA) on December 31st of each year from 2000 to 2023. *Source:* Immigration, Refugees, and Citizenship Canada (IRCC).

Figure 2: Job-to-job transitions as a function of time to permanent residency (Low-skilled workers)



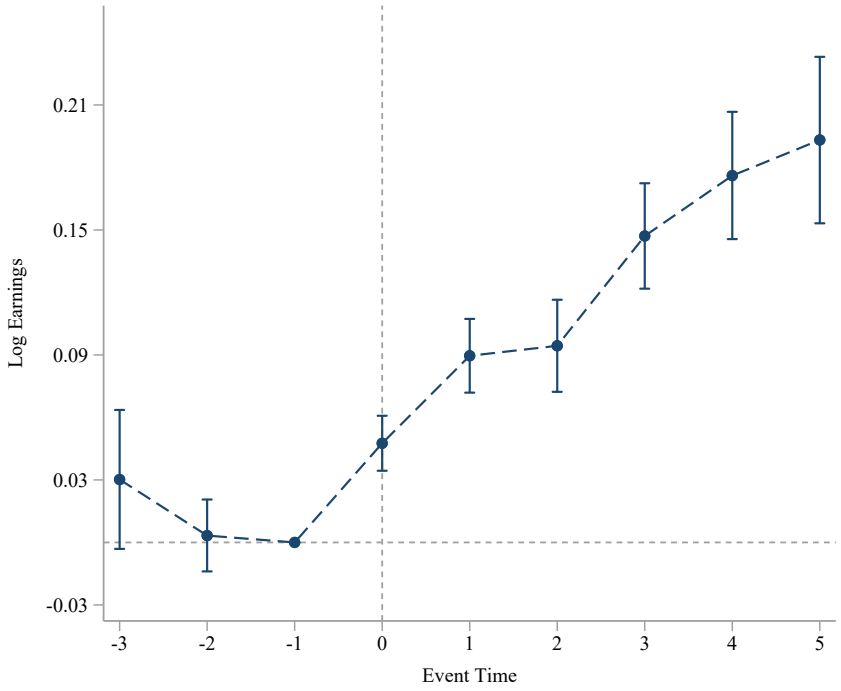
Notes: This figure presents estimates of Equation (9) for low-skilled workers, using as the dependent variable a binary variable equal to 1 if there is a job-to-job transition and 0 otherwise. Here, we use our preferred measure of job-to-job transitions J_{it}, which identifies a transition in year t if a worker is employed by a new firm in t, that firm becomes their primary employer in $t+1$, and they are no longer employed by their previous firm in $t+1$ (see Section 3.3). The x-axis represents relative time to permanent residency (PR) in years, where relative time -1 is normalized to zero and omitted (see Section 4.3). Standard errors clustered at the individual level. *Source:* Authors' calculations using the Canadian Employer-Employee Dynamics Database (CEEDD).

Figure 3: Job-to-job transitions as a function of time to permanent residency (High-skilled workers)



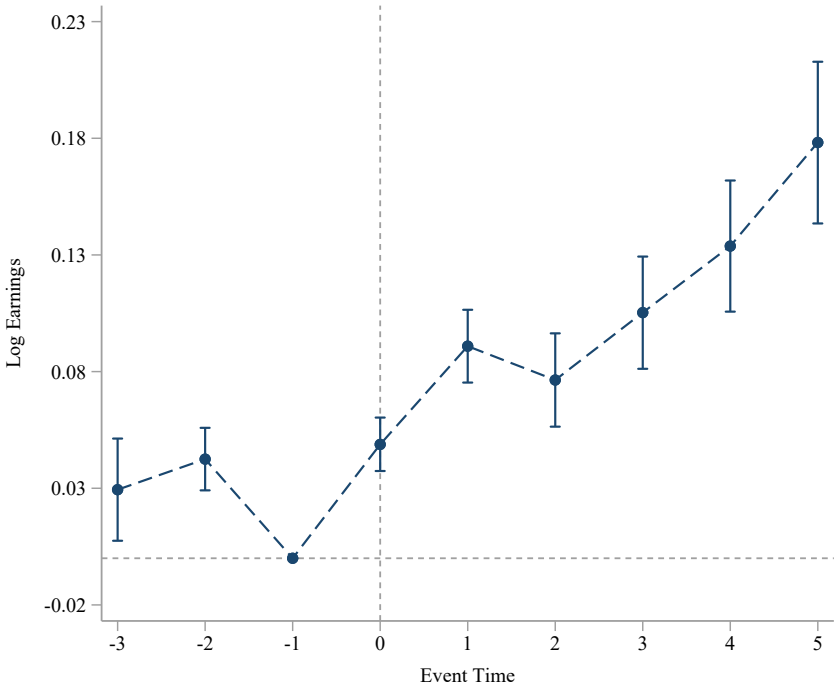
Notes: This figure presents estimates of Equation (9) for high-skilled workers, using as the dependent variable a binary variable equal to 1 if there is a job-to-job transition and 0 otherwise. Here, we use our preferred measure of job-to-job transitions J_{it}, which identifies a transition in year t if a worker is employed by a new firm in t, that firm becomes their primary employer in $t+1$, and they are no longer employed by their previous firm in $t+1$ (see Section 3.3). The x-axis represents relative time to permanent residency (PR) in years, where relative time -1 is normalized to zero and omitted (see Section 4.3). Standard errors clustered at the individual level. *Source:* Authors' calculations using the Canadian Employer-Employee Dynamics Database (CEEDD).

Figure 4: Log annual earnings as a function of time to permanent residency (Low-skilled workers)



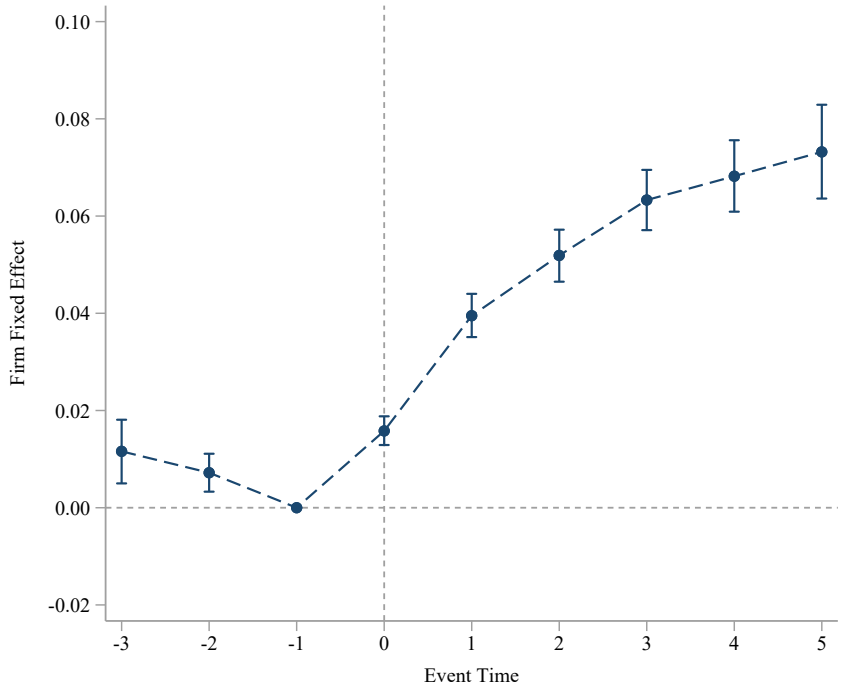
Notes: This figure presents estimates of Equation (9) for low-skilled workers, using the natural logarithm of FYE earnings as the dependent variable. Here, we use our preferred imputation of FYE earnings $\widehat{Y}_{it}$, where we double the observed earnings from the worker's *primary* employer in any year with a job-to-job transition (see Section 3.4). The x-axis represents relative time to permanent residency (PR) in years, where relative time -1 is normalized to zero and omitted (see Section 4.3). Standard errors clustered at the individual level. *Source:* Authors' calculations using the Canadian Employer-Employee Dynamics Database (CEEDD).

Figure 5: Log annual earnings as a function of time to permanent residency (High-skilled workers)



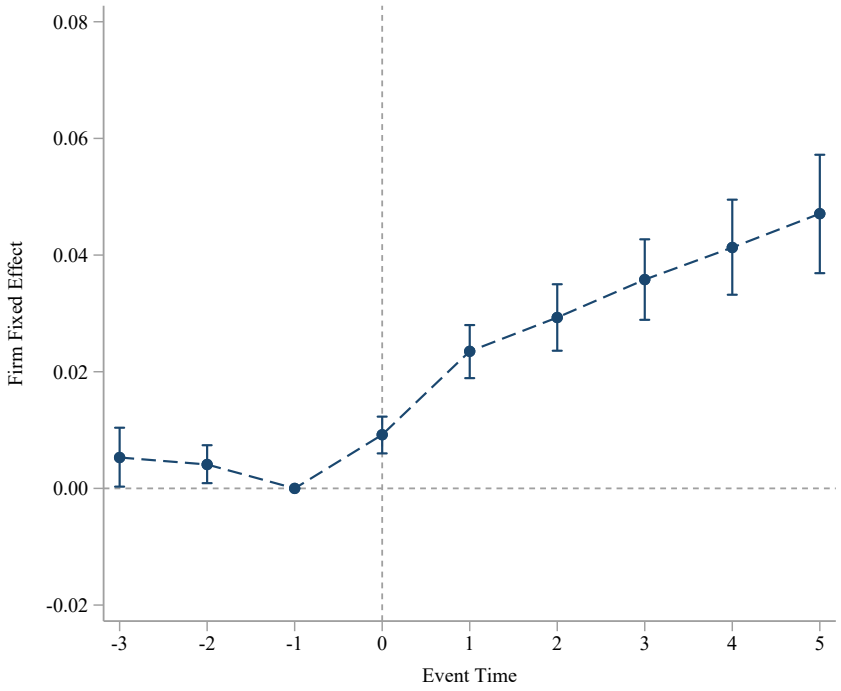
Notes: This figure presents estimates of Equation (9) for high-skilled workers, using the natural logarithm of FYE earnings as the dependent variable. Here, we use our preferred imputation of FYE earnings $\widehat{Y}_{it}$, where we double the observed earnings from the worker's *primary* employer in any year with a job-to-job transition (see Section 3.4). The x-axis represents relative time to permanent residency (PR) in years, where relative time -1 is normalized to zero and omitted (see Section 4.3). Standard errors clustered at the individual level. *Source:* Authors' calculations using the Canadian Employer-Employee Dynamics Database (CEEDD).

Figure 6: Firm pay premiums as a function of time to permanent residency (Low-skilled workers)



Notes: This figure presents estimates of Equation (9) for low-skilled workers, using firm-specific pay premiums as the dependent variable. Firm pay premiums correspond to firm fixed effects estimated from an AKM regression (see Section B.2). The x-axis represents relative time to permanent residency (PR) in years, where relative time -1 is normalized to zero and omitted (see Section 4.3). Standard errors clustered at the individual level. *Source:* Authors' calculations using the Canadian Employer-Employee Dynamics Database (CEEDD).

Figure 7: Firm pay premiums as a function as a function of time to permanent residency (High-skilled workers)



Notes: This figure presents estimates of Equation (9) for high-skilled workers, using firm-specific pay premiums as the dependent variable. Firm pay premiums correspond to firm fixed effects estimated from an AKM regression (see Section B.2). The x-axis represents relative time to permanent residency (PR) in years, where relative time -1 is normalized to zero and omitted (see Section 4.3). Standard errors clustered at the individual level. *Source:* Authors' calculations using the Canadian Employer-Employee Dynamics Database (CEEDD).

Main Tables

Table 1: Summary Statistics

	Full sample	**Low-skilled**	**High-skilled**
Average log annual earnings	—	—	—
Average time to PR (years)	—	—	—
Average age	—	—	—
Share male	—	—	—
Average number of temporary permits	—	—	—
Ever other temporary permit (%)	—	—	—
Ever additional LMIA (%)	—	—	—
Average initial value added per worker	—	—	—
Average initial firm size	—	—	—
Average initial revenue per worker	—	—	—
Average firm effect	—	—	—
Number of unique individuals	—	—	—
Number of unique firms	—	—	—
Number of observations	—	—	—

Note: **All summary statistics are pending disclosure review.** All monetary variables are adjusted for inflation using 2012 as the base year of the consumer price index (CPI). The "initial" variables are measured in the second year of temporary residence, since this is the first year in the data for which we observe annual earnings for the complete year.

Online Appendix for "The Labor Market Returns to Permanent Residency"

A Why does δ_{rg} recover $\text{ATT}_r(g)$?

To show formally that the estimand δ_{rg} recovers the $\text{ATT}_r(g)$ parameter, consider the fully saturated version of (9):

$$Y_{it} = \sum_{g_2} \gamma_g \mathbb{1}\{G_{2i} = g_2\} + \sum_{s} \tau_s \mathbb{1}\{s = t\} + \sum_{g_2} \sum_{r \neq -1} \delta_{sg} \mathbb{1}\{G_{2i} = g_2, r = t - g_2\} \tag{12}$$

where we now have a δ_{rg} coefficient for each G_{2i} by $r \neq= -1$ combination, since there is a double summation over both g_2 and r values. If we were to combine all not-yet-treated cohorts and use them as a reference group for the relative time coefficients δ_{rg}, then we would have the same specification as earlier.

Now, consider Equation (12) for a given individual with either $t \geq G_{2i}$ (treated individuals) and $t < G_{2i}$ (not-yet-treated individuals):

$$Y_{it} = \begin{cases} \gamma_g + \tau_t & \text{for } t < G_{2i} \\ \gamma_g + \tau_t + \delta_{rg_2} & \text{for } t \geq G_{2i} \end{cases} \tag{13}$$

By Assumption 1 (CT) trends condition, $Y_{it}(\infty) = \gamma_g + \tau_t + \varepsilon_{it}$ and the first case does not include δ_{rg} since interaction effects are 0.

Next, to move from the individual level to the population level, we first use Assumption 1 (CT) to write down the expected potential outcome for a not-yet-treated individual as:

$$\begin{aligned} \mathbb{E}[Y_{it}(\infty)|G_i = g] =& \mathbb{E}[Y_{is}|G_i = g] \\ &+ (\mathbb{E}[Y_{it}|G_i = g'] - \mathbb{E}[Y_{ip}|G_i = g']) - (\mathbb{E}[Y_{ip}|G_i = g''] - \mathbb{E}[Y_{is}|G_i = g'']) \\ =& \gamma_g + \tau_s \\ &+ (\gamma_{g'} + \tau_t) - (\gamma_{g'} + \tau_p) + (\gamma_{g''} + \tau_p) - (\gamma_{g''} + \tau_s) \\ =& \gamma_g + \tau_t \end{aligned} \tag{14}$$

The common trends assumption allows us to represent the time dummy as a common τ_t, instead of a time dummy for each time-by-cohort combination. This is the case since we've defined the difference across time within cohorts to be equal, so time dummies don't depend on cohorts, and by setting one time dummy equal to 0, we can turn the time trend into dummies.

Similarly, the observed expected potential outcome for a treated individual for $r = t + G_{2i}$ is:

$$\mathbb{E}[Y_{it}(g) \mid G_i = g] = \gamma_g + \tau_t + \delta_{rg_2} \tag{15}$$

Lastly, conditioning on a given $r = t + G_{2i}$, we can write $\text{ATT}_r(g)$ as as the difference between

Equation (14) and (15):

$$\begin{aligned}\text{ATT}_r(g) &= \mathbb{E}[Y_{it}(g) - Y_{it}(\infty) \mid G_i = g, r = t + G_{2i}] \\ &= (\gamma_g + \tau_t + \delta_{rg}) - (\gamma_g + \tau_t) \\ &= \delta_{rg}\end{aligned}$$

B Estimating firm pay premiums using the AKM model

B.1 Sample details

Prior to estimating the AKM model, the data cleaning closely follows the methodology outlined in Dostie et al. (2023) and Li et al. (2023), who both estimate an AKM model using the CEEDD.[34]

We begin with the full sample of individuals in the CEEDD, including non-immigrants, permanent residents, and temporary residents. Individuals with missing marital status, those who do not identify as male or female, and those outside the working age of 25 to 59 are excluded. Furthermore, the sample is limited to individuals whose employment income is at least as large as their self-employment income, where self-employment income includes earnings from business, farming, fishing, rental, commissions, and professional activities.

Since the CEEDD derives its data from tax records, it lacks specific labor market details such as hourly wages and hours worked. To address this, the sample is narrowed to full-time equivalent (FTE) workers, defined as those earning at least approximately $18,000 in 2012 dollars.[35] Moreover, individuals in the CEEDD may have multiple T4 records if they hold multiple jobs. To manage this, the sample is restricted to each individual's primary job, defined as the job that provides the highest income in any given year.

Following Dostie et al. (2023) and Li et al. (2023), firms in the public sector (NAICS 91), education (NAICS 61), and health sectors (NAICS 62) are excluded from the analysis. The sample is also restricted to incorporated firms that meet several criteria: they must have at least $50,000 in annual revenue, at least $100 in value-added per worker, and revenue that is at least as large as the total wage bill. Additionally, these firms must have at least two employees, where employment is defined as the average of all non-zero monthly employment submissions from the PD7.

Note that firm effects are only identified for firms in a "connected set," meaning that there exists a worker who moves between them at some point during the sample period. Thus, an important step prior to estimating the AKM-style model involves restricting the sample to the largest connected set of workers and firms from the matched employer-employee data.[36] Thus, firms that are not in the connected set are excluded.

B.2 AKM estimation details

The AKM model (Abowd et al., 1999) assumes that the log of an individual's earnings can be decomposed into a the sum of a person effect, a firm effect, a time-varying index of individual

[34] Dostie et al. (2023) estimate an AKM model using the CEEDD to decompose the immigrant-native earnings gap into individual-level and firm-level components. We mainly follow Dostie et al. (2023), only departing from their procedures when we define full-time equivalent (FTE) workers, which we obtain from Li et al. (2023).

[35] The FTE threshold is calculated by adjusting the minimum wage of $10.07 to 2012 dollars and multiplying by an average full-time work schedule of 38.8 hours per week over 48 weeks, following Li et al. (2023).

[36] To extract the largest connected set of workers and firms, we use the igraph package. The employer-employee data can be viewed as a graph where the firms are nodes and the edges are worker flows between firms. The largest connected set is equivalent to the maximal connected component of the worker-firm graph.

characteristics, and a residual. Formally, the AKM model posits that the log earnings of individual i at firm j at time t can be written as:

$$y_{it} = \alpha_i + \psi_{\mathbf{j}(i,t)} + X'_{it}\beta + \varepsilon_{it}, \tag{16}$$

where α_i is the person effect for individual i, ψ_j is the firm effect for firm j, X_{it} is a vector of time-varying characteristics for individual i at time t, β is a conformable vector of coefficients, and ε_{ijt} is the residual. Included in the vector X_{it} are variables for marital status, province of residence, year effects, and controls for age.

To control for age effects, we include a quartic polynomial in normalized age in the vector of controls X_{it}. Since we also include year effects in X_{it}, the linear term of the polynomial in age is not identified.[37] Therefore, we omit the linear term of the polynomial in age and also normalize age by subtracting and dividing by the age at which the earnings profile is at a maximum. As explained by Card et al. (2018), omitting the linear term of the polynomial without including the additional normalization of age can bias the person effects upward.

For the estimator of the firm effects to be unbiased, firm-to-firm mobility must be uncorrelated with time-varying unobservables. This is often referred to as the "exogenous mobility assumption." Dostie et al. (2023) provide evidence supporting the exogenous mobility assumption in the CEEDD from 2001 to 2013, a period similar to our main sample.

[37] Age is a linear function of year and birth year, and the person effects are collinear with birth year.

C Proofs

C.1 Equation in Section 4.4

$$
\begin{aligned}
r[W_1^{\text{tfw}}(w,x,y) - W_0^{\text{tfw}}(x)] = &\left(\underbrace{w - b^{\text{tfw}}(x) - p\kappa^{\text{tfw}}\beta \int [S^{\text{tfw}}(x,y')]^+ v(y')dy'}_{\text{flow value of } W_1^{\text{tfw}} - W_0^{\text{tfw}}} \right) \\
&+\xi \left(\underbrace{W_0^{\text{tfw}}(x) - W_0^{\text{tfw}}(x)}_{\text{relative pay-off if the job is destroyed}} - (W_1^{\text{tfw}}(w,x,y) - W_0^{\text{tfw}}(x)) \right) \\
+\delta \left(\underbrace{\int [\min\{S^{\text{tfw}}(x,y'), W_1^{\text{tfw}}(w,x,y') - W_0^{\text{tfw}}(x)\}]^+ \gamma(y')dy'}_{\text{relative pay-off if there is a productivity shock}} - (W_1^{\text{tfw}}(w,x,y) - W_0^{\text{tfw}}(x)) \right) \\
&+\lambda \left(\underbrace{W_1(w,x,y) - W_0(x)}_{\text{relative pay-off if the worker obtains PR}} - (W_1^{\text{tfw}}(w,x,y) - W_0^{\text{tfw}}(x)) \right)
\end{aligned}
$$

Re-arranging, this becomes the same expression as previously, but with λ on the LHS:

$$
\begin{aligned}
(r+\delta+\xi+\lambda)[W_1^{\text{tfw}}(w,x,y) - W_0^{\text{tfw}}(x)] = &\, w - b^{\text{tfw}}(x) - p\kappa^{\text{tfw}}\beta \int [S^{\text{tfw}}(x,y')]^+ v(y')dy' \\
&+\delta \int [\min\{S^{\text{tfw}}(x,y'), W_1^{\text{tfw}}(w,x,y') - W_0^{\text{tfw}}(x)\}]^+ \gamma(y')dy' \\
&+\lambda \left(W_1(w,x,y) - W_0(x) \right)
\end{aligned}
$$

C.2 Equations in Section 4.5

C.2.1 Domestic workers

This follows the derivation in Appendix A of Lise et al. with the modification that $\max\{\Pi_0(y), \Pi_0^{\text{tfw}}(y)\}$ is the firm's outside option.

$$
\begin{aligned}
rP(x,y) = &\, f(x,y) + \xi[W_0(x) + \max\{\Pi_0(y), \Pi_0^{\text{tfw}}(y)\} - P(x,y)] \\
&+ s\kappa \int \left[\max\left\{ P(x,y), \max\{\Pi_0(y), \Pi_0^{\text{tfw}}(y)\} + W_0(x) + S(x,y) + \beta[S(x,y') - S(x,y)] \right\} - P(x,y) \right] v(y')dy' \\
&+ \delta \int \left[\max\left\{ P(x,y'), W_0(x) + \max\{\Pi_0(y'), \Pi_0^{\text{tfw}}(y')\} \right\} - P(x,y) \right] \gamma(y')dy'
\end{aligned}
$$

$$
\begin{aligned}
rP(x,y) = {} & f(x,y) - \xi S(x,y) \\
& + s\kappa \int \max\left\{0, \beta[S(x,y') - S(x,y)]\right\} v(y')dy' \\
& + \delta \int \max\left\{P(x,y') - W_0(x) - \max\{\Pi_0(y'), \Pi_0^{\text{tfw}}(y')\}, 0\right\} \gamma(y')dy' \\
& + \delta \int \left[W_0(x) + \max\{\Pi_0(y'), \Pi_0^{\text{tfw}}(y')\} - P(x,y)\right] \gamma(y')dy'
\end{aligned}
$$

$$
\begin{aligned}
rP(x,y) = {} & f(x,y) - \xi S(x,y) \\
& + s\kappa\beta \int [S(x,y') - S(x,y)]^+ v(y')dy' \\
& + \delta \int S(x,y')^+ \gamma(y')dy' - \delta S(x,y) + \delta \int \left[\max\{\Pi_0(y'), \Pi_0^{\text{tfw}}(y')\} - \max\{\Pi_0(y), \Pi_0^{\text{tfw}}(y)\}\right] \gamma(y')dy'
\end{aligned}
$$

Substituting in for $rP(x,y) = rW_0(x) + r\max\{\Pi_0(y), \Pi_0^{\text{tfw}}(y)\} + rS(x,y)$ and re-arranging, we get:

$$
\begin{aligned}
(r+\delta+\xi)S(x,y) = {} & f(x,y) - rW_0(x) \\
& + \delta \int \left[\max\{\Pi_0(y'), \Pi_0^{\text{tfw}}(y')\} - \max\{\Pi_0(y), \Pi_0^{\text{tfw}}(y)\}\right] \gamma(y')dy' \\
& - \max\{r\Pi_0(y), r\Pi_0^{\text{tfw}}(y)\} \\
& + s\kappa\beta \int [S(x,y') - S(x,y)]^+ v(y')dy' \\
& + \delta \int S(x,y')^+ \gamma(y')dy'
\end{aligned}
$$

Setting $\delta = 0$ and subsituting in the expression for $\Pi_0(y)$, we obtain a simplified expression:

$$
\begin{aligned}
(r+\xi)S(x,y) = {} & f(x,y) - \left(b(x) + \kappa\beta \int S(x,y)^+ v(y)dy\right) \\
& + s\kappa\beta \int [S(x,y') - S(x,y)]^+ v(y')dy' \\
& - \max\Bigg\{ - c^{\text{tfw}} + p\kappa^{\text{tfw}}(1-\beta) \int S^{\text{tfw}}(x,y)^+ u^{\text{tfw}}(x)dx, \\
& \qquad - c + \kappa(1-\beta) \int S(x,y)^+ u(x)d(x) + s\kappa(1-\beta) \int [S(x,y) - S(x,y')]^+ h(x,y')dxdy' \Bigg\}
\end{aligned}
$$

C.2.2 TFWs

For TFWs the derivation is similar, although we can omit the term associated with job-to-job transitions, and we include an additional term associated with obtaining PR. We have the following expression for the total surplus:

$$
\begin{aligned}
&rP^{\text{tfw}}(x,y) = \\
&\quad f(x,y) \\
&\quad + \xi[W_0^{\text{tfw}}(x) + \max\{\Pi_0(y), \Pi_0^{\text{tfw}}(y)\} - P^{\text{tfw}}(x,y)] \\
&\quad + \delta \int \left[\max\left\{P^{\text{tfw}}(x,y'), W_0^{\text{tfw}}(x) + \max\{\Pi_0(y), \Pi_0^{\text{tfw}}(y)\}\right\} - P^{\text{tfw}}(x,y)\right] \gamma(y')dy' \\
&\quad + \lambda[P(x,y) - P^{\text{tfw}}(x,y)]
\end{aligned}
$$

Following Section C.2.1, we set $\delta = 0$ and obtain:

$$
\begin{aligned}
rP^{\text{tfw}}(x,y) =& f(x,y) \\
&+ \xi[W_0^{\text{tfw}}(x) + \max\{\Pi_0(y), \Pi_0^{\text{tfw}}(y)\} - P^{\text{tfw}}(x,y)] \\
&+ \lambda[P(x,y) - P^{\text{tfw}}(x,y)]
\end{aligned}
$$

$$
\begin{aligned}
rP^{\text{tfw}}(x,y) =& f(x,y) \\
&- \xi S^{\text{tfw}}(x,y) \\
&+ \lambda[P(x,y) - P^{\text{tfw}}(x,y)]
\end{aligned}
$$

$$
\begin{aligned}
r\Big(W_0^{\text{tfw}}(x) + \max\{\Pi_0(y), \Pi_0^{\text{tfw}}(y)\} + S^{\text{tfw}}(x,y)\Big) =& f(x,y) \\
&- \xi S^{\text{tfw}}(x,y) \\
&+ \lambda[W_0(x) - W_0^{\text{tfw}}(x) + S(x,y) - S^{\text{tfw}}(x,y)]
\end{aligned}
$$

$$
\begin{aligned}
(r+\xi)S^{\text{tfw}}(x,y) =& f(x,y) \\
&- rW_0^{\text{tfw}}(x) \\
&- \max\{r\Pi_0(y), r\Pi_0^{\text{tfw}}(y)\} \\
&+ \lambda[W_0(x) - W_0^{\text{tfw}}(x) + S(x,y) - S^{\text{tfw}}(x,y)]
\end{aligned}
$$

$$
\begin{aligned}
(r+\xi+\lambda)S^{\text{tfw}}(x,y) =& f(x,y) \\
&- \Big(b^{\text{tfw}}(x) + p\kappa^{\text{tfw}}\beta \int S^{\text{tfw}}(x,y)^{+} v^{\text{tfw}}(y)dy\Big) \\
&- \max\Bigg\{ - c^{\text{tfw}} + p\kappa^{\text{tfw}}(1-\beta)\int S^{\text{tfw}}(x,y)^{+} u^{\text{tfw}}(x)dx, \\
&\qquad - c + \kappa(1-\beta)\int S(x,y)^{+} u(x)d(x) + s\kappa(1-\beta)\int [S(x,y) - S(x,y')]^{+} h(x,y')dxdy' \Bigg\} \\
&+ \lambda[S(x,y) - (W_0^{\text{tfw}}(x) - W_0(x))]
\end{aligned}
$$

where

$$
\begin{aligned}
r(W_0^{\text{tfw}}(x) - W_0(x)) =& b^{\text{tfw}}(x) - b(x) + p\kappa^{\text{tfw}}\beta \int S^{\text{tfw}}(x,y)^{+} v^{\text{tfw}}(y)dy \\
&- \kappa\beta \int S(x,y)^{+} v(y)dy
\end{aligned}
$$

C.3 Other proofs

C.3.1 Proposition 1: *The probability of job-to-job transition increases after PR and remains elevated.*

Consider a TFW who is type x and employed at a firm who is type y. Before PR, the probability of a job-to-job transition is 0. After PR, the probability of job-to-job transition is:

$$
s\kappa \int_{\overline{B}(x,y)} v(y')dy',
$$

where $\overline{B}(x,y) \equiv \{y' : S(x,y') > S(x,y)\}$.

The unconditional probability of job-to-job transition for a randomly chosen TFW immediately after they obtain PR is:

$$
s\kappa \int_x \int_y \int_{\overline{B}(x,y)} v(y') h^{\text{tfw}}(x,y)dy'dydx > 0.
$$

Thus the probability of job-to-job transition jumps after PR.

To show that the probability of job-to-job transition remains elevated after PR, we must note that the unconditional probability of job-to-job transition is positive for permanent residents and domestics:

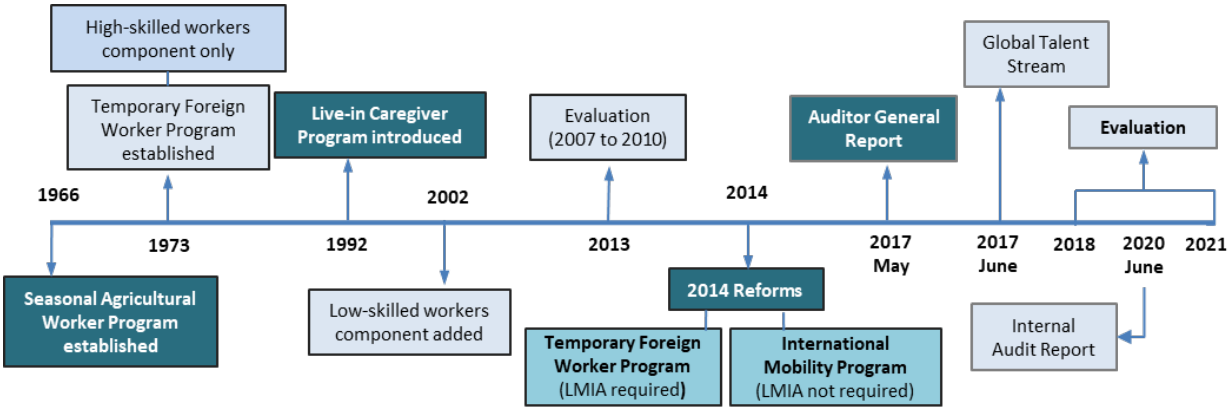
$$
s\kappa \int_x \int_y \int_{\overline{B}(x,y)} v(y') h(x,y)dy'dydx > 0.
$$

C.3.2 Proposition 2: *Conditional on worker type, earnings for TFWs converge to earnings for domestics after PR.*

TO BE COMPLETED

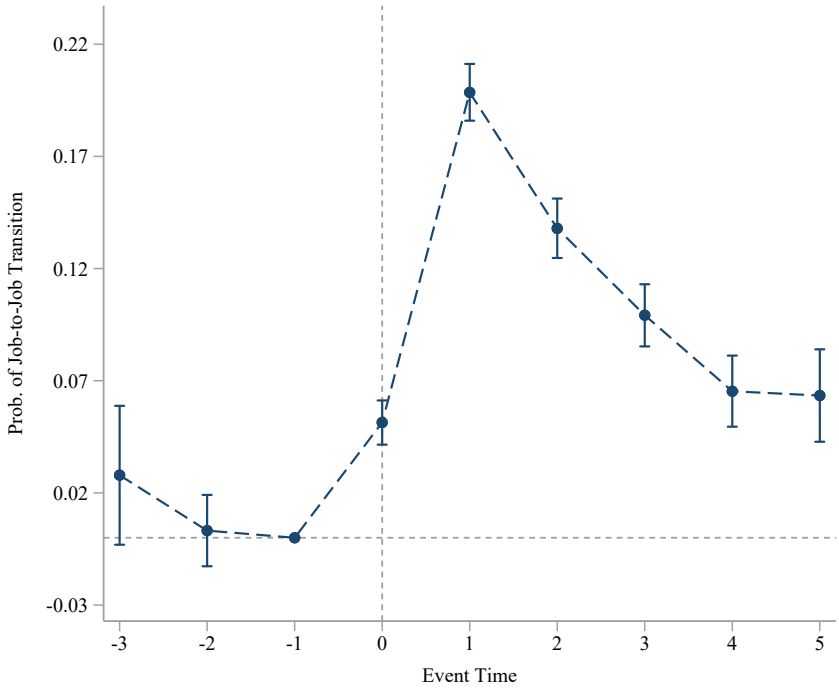
D Appendix Figures

Figure A1: Temporary Foreign Worker Program (TFWP) Timeline



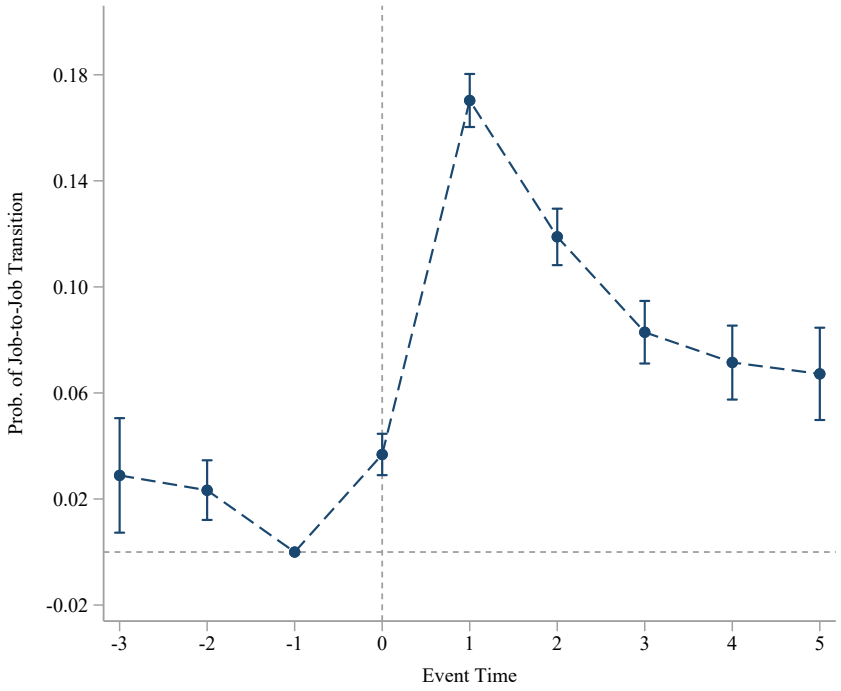
Notes: This figure shows the timeline of major policy changes to the Temporary Foreign Worker Program (TFWP) in Canada. *Source:* Figure 2 in Employment and Social Development Canada (2021).

Figure A2: Alternate definition of job-to-job transitions as a function of time to permanent residency (Low-skilled workers)



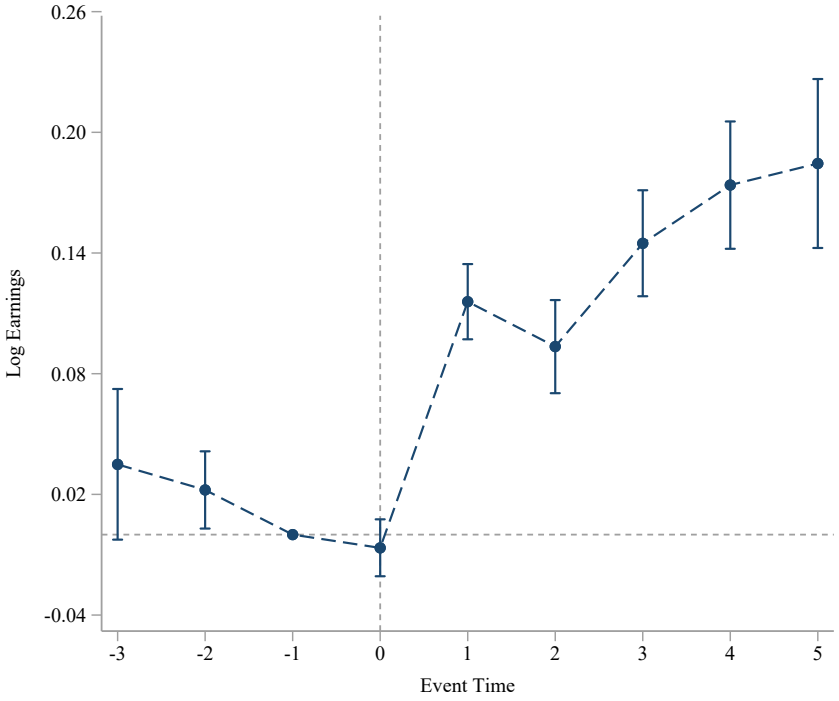
Notes: This figure presents estimates of Equation (9) for low-skilled workers, using as the dependent variable a binary variable equal to 1 if there is a job-to-job transition and 0 otherwise. Here, we use an alternative definition of job-to-job transition J'_{it}, which identifies a transition in year t if the worker's *primary* employer is different in year t relative to year $t-1$ (see Section 3.3). The x-axis represents relative time to permanent residency (PR) in years, where relative time -1 is normalized to zero and omitted (see Section 4.3). Standard errors clustered at the individual level. *Source:* Authors' calculations using the Canadian Employer-Employee Dynamics Database (CEEDD).

Figure A3: Alternate definition of job-to-job transitions as a function of time to permanent residency (High-skilled workers)



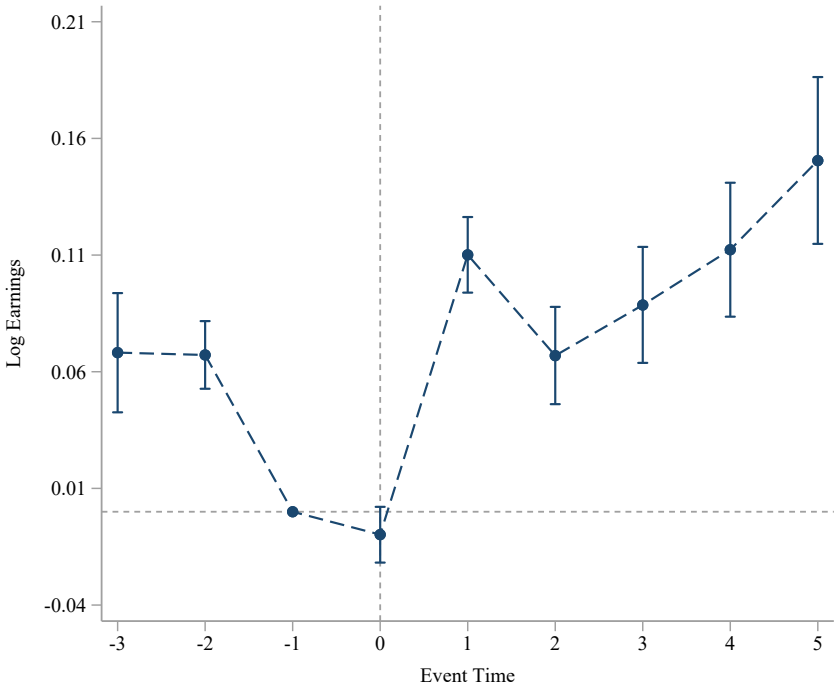
Notes: This figure presents estimates of Equation (9) for high-skilled workers, using aas the dependent variable a binary variable equal to 1 if there is a job-to-job transition and 0 otherwise. Here, we use an alternative definition of job-to-job transition J'_{it}, which identifies a transition in year t if the worker's primary employer is different in year t relative to year $t-1$ (see Section 3.3). The x-axis represents relative time to permanent residency (PR) in years, where relative time -1 is normalized to zero and omitted (see Section 4.3). Standard errors clustered at the individual level. *Source:* Authors' calculations using the Canadian Employer-Employee Dynamics Database (CEEDD).

Figure A4: Log annual earnings (alternate imputation) as a function of time to permanent residency (Low-skilled workers)



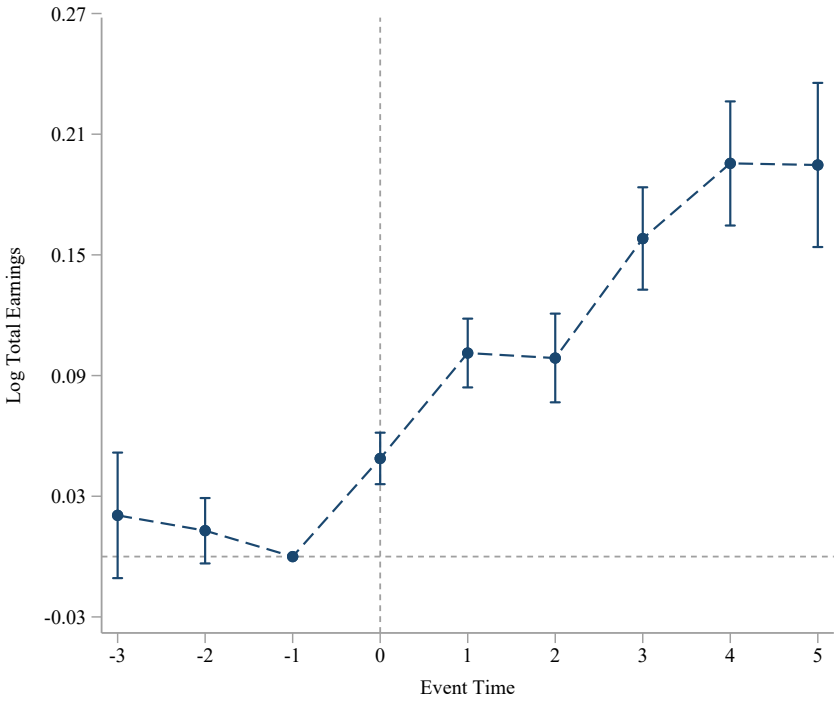
Notes: This figure presents estimates of Equation (9) for low-skilled workers, using the natural logarithm of FYE earnings as the dependent variable. Here, we use an alternate imputation of FYE earnings $\widehat{Y}'_{it}$, where we double observed earnings from the worker's *primary* employer in year t if the worker's *primary* employer is different in year t compared to year $t-1$ (see Section 3.4). The x-axis represents relative time to permanent residency (PR) in years, where relative time -1 is normalized to zero and omitted (see Section 4.3). Standard errors clustered at the individual level. *Source:* Authors' calculations using the Canadian Employer-Employee Dynamics Database (CEEDD).

Figure A5: Log annual earnings (alternate imputation) as a function as a function of time to permanent residency (High-skilled workers)



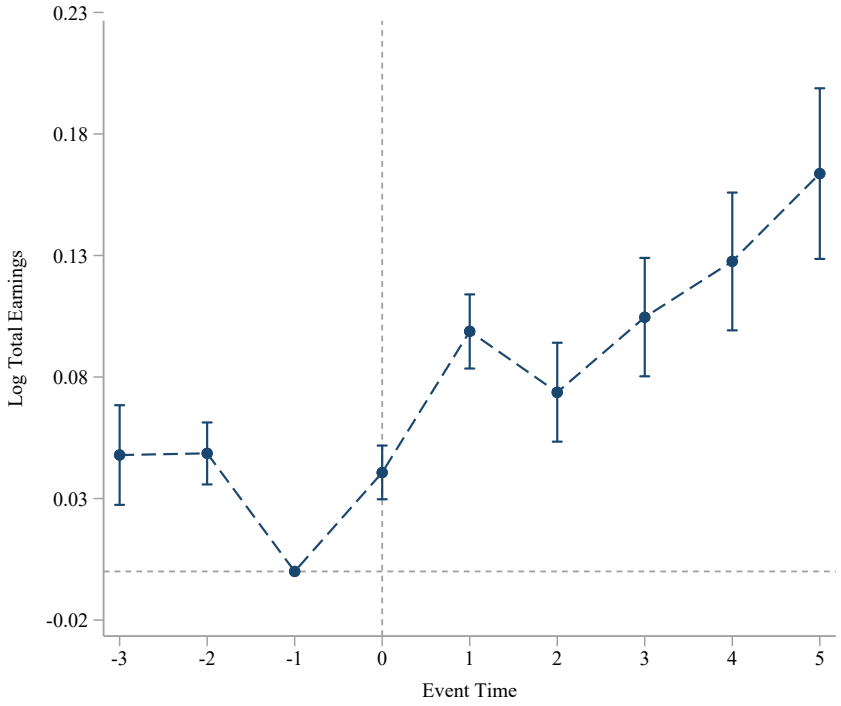
Notes: This figure presents estimates of Equation (9) for high-skilled workers, using the natural logarithm of FYE earnings as the dependent variable. Here, we use an alternate imputation of FYE earnings $\widehat{Y}'_{it}$, where we double observed earnings from the worker's *primary* employer in year t if the worker's *primary* employer is different in year t compared to year $t-1$ (see Section 3.4). The x-axis represents relative time to permanent residency (PR) in years, where relative time -1 is normalized to zero and omitted (see Section 4.3). Standard errors clustered at the individual level. *Source:* Authors' calculations using the Canadian Employer-Employee Dynamics Database (CEEDD).

Figure A6: Log total earnings as a function of time to permanent residency (Low-skilled workers)



Notes: This figure presents estimates of Equation (9) for low-skilled workers, using the natural logarithm of total earnings as the dependent variable. Total earnings are defined as the sum of observed earnings from all employers in a year (see Section 3.4). The x-axis represents relative time to permanent residency (PR) in years, where relative time -1 is normalized to zero and omitted (see Section 4.3). Standard errors clustered at the individual level. *Source:* Authors' calculations using the Canadian Employer-Employee Dynamics Database (CEEDD).

Figure A7: Log total earnings as a function as a function of time to permanent residency (High-skilled workers)



Notes: This figure presents estimates of Equation (9) for high-skilled workers, using the natural logarithm of total earnings as the dependent variable. Total earnings are defined as the sum of observed earnings from all employers in a year (see Section 3.4). The x-axis represents relative time to permanent residency (PR) in years, where relative time -1 is normalized to zero and omitted (see Section 4.3). Standard errors clustered at the individual level. *Source:* Authors' calculations using the Canadian Employer-Employee Dynamics Database (CEEDD).

E Appendix Tables

F Sample Labour Market Opinion (LMO)

These appendices include sample PDF forms for the Labor Market Opinion (LMO) and Labour Market Impact Assesment (LMIA). The LMO was reformed and renamed to the LMIA in 2014.

The sample PDFs for the LMO were obtained from a historical archive of hrsdc.gc.ca on June 26, 2012, accessed via the Wayback Machine (https://web.archive.org/).

F.1 Sample LMO for a low-skilled stream

APPLICATION FOR A LABOUR MARKET OPINION (LMO)
OCCUPATIONS REQUIRING LOWER LEVELS OF FORMAL TRAINING

Personal Information Collection Statement

The information you provide on this request for a Labour Market Opinion (LMO) form is collected by Human Resources and Skills Development Canada (HRSDC) under the authority of the Immigration and Refugee Protection Act and Regulations, for the purpose of providing a Labour Market Opinion (LMO) in accordance with these statutes. Completion is voluntary; however, failure to complete this form will result in your request for an LMO not being processed.

The information you provide may be shared with Citizenship and Immigration Canada (CIC) for the administration and enforcement of the *Immigration and Refugee Protection Act* (IRPA) and *Regulations (IRPR)* as permitted by the *Department of Human Resources and Skills Development Act* (*DHRSD Act*), and may be accessed by the Canada Border Services Agency (CBSA) for the purpose of issuing work permits at Ports of Entry. HRSDC may also provide information to CBSA in order for that agency to investigate and enforce the *IRPA* and *IRPR* in relation to an LMO.

The information may also be shared with Provincial/Territorial governments for the purpose of administration and enforcement of provincial/territorial legislation, including employment standards and occupational health and safety legislation, as permitted by the *DHRSD Act*. The information may also be used by HRSDC for policy analysis, research and evaluation in relation to the entry and hiring of foreign workers to Canada or the *IRPA*.

The information you provide is administered under Part 4 of the *DHRSD Act* and the *Privacy Act*. You have the right to access and request correction of your personal information, which is described in Personal Information Bank PPU 440 of Info Source. Instructions for making formal requests are outlined in the Info Source publication available online at infosource.gc.ca.

EMPLOYER INFORMATION

1. Employer ID # (if applicable)	2. Canada Revenue Agency Business Number (First 9 digits are mandatory for Canadian Employers)	3. Employer Business Name		
4. Employer Legal Name	5. Employer Mailing Address	6. City	7. Province/State	
8. Country	9. Postal/Zip Code	10. Business Telephone Number	11. Employer Business Address (if different than mailing address)	
12. City	13. Province/State	14. Postal/Zip Code	15. Country	16. Website Address
17. Date Business Started (yyyy-mm-dd)	18. Describe the main business activity:			
19. Primary Contact Name: First Middle Last	20. Job Title			
21. Telephone Number + extension if applicable	22. Fax Number	23. E-mail Address		
24. Preferred Official Language of Correspondence English French	25. Number of Canadians citizens/permanent residents employed at the location of employment covered by this LMO:			

26. Only answer this question if you employed a temporary foreign worker in the last two years. Did you provide all temporary foreign workers employed by you in the last two years with wages, working conditions and employment in an occupation that were substantially the same as those that were described in the job offer(s)?

Yes, I have provided all temporary foreign workers employed by me in the last two years with substantially the same wages, working conditions, and occupation as described in the job offer(s).

No, I have not provided all temporary foreign workers employed by me in the last two years with substantially the same wages, working conditions, and occupation as described in the job offer(s).

27. If you are currently employing temporary foreign workers, please indicate the number employed at the location of employment covered by this LMO:

28. Were any employees laid off in the past 12 months? No Yes If yes, how many?

Reason(s) for layoff(s) and occupations affected:

29. Does your business receive support through any Government of Canada program (e.g. Work-Sharing Program)? No Yes

If yes, name the program(s):

* THIRD PARTY INFORMATION (if applicable)

30. Third Party ID # (if applicable)	31. Canada Revenue Agency Business Number	32. Third Party Business Name	
33. Third Party Legal Name	34. Third Party Mailing Address	35. City	36. Province/State

37. Country	38. Postal/Zip Code	39. Third Party Business Address (if different than mailing address)

40. City	41. Province/State	42. Postal/Zip Code	43. Country

44. Describe the main business activity:

45. Third Party Representative Authorized to Act on Behalf of the Employer First Middle Last	46. Job Title

47. Contact Telephone Number + extension if applicable	48. Fax Number	49. E-mail Address

50. Preferred Official Language of Correspondence
English French

*** If you are a third party representative acting on behalf of an employer, written authorization from the employer to act on his/her behalf is required. Employers who wish to have third party representation must fill out and sign the "Appointment of Representative" page attached to this form and submit it with this application. HRSDC/Service Canada reserves the right to contact the employer directly if necessary.**

JOB OFFER INFORMATION

Use a separate sheet for each additional job offer.
If you are requesting a Labour Market Opinion for identical job offers, provide the information only once.

51. Job title	52. Number of temporary foreign workers requested for this job offer (same wage, job description, location, etc):

53. Expected Employment Duration _____ days _____ weeks _____ months _____ years	54. Expected Employment Start Date (YYYY-MM-DD)

55. Work Address : Number and Street	City	Province	Postal Code

56. Describe the Main Duties of the Job:

57. Educational Requirements of the Job:

Secondary school diploma Vocational /school diploma or certificate No formal education requirement

Additional information:

58. Experience/Skills Requirements of the Job:

59. Language requirements: Indicate the language requirement needed for this job. If you indicate a language that the temporary foreign worker does not speak, the application will be refused by Citizenship and Immigration Canada (CIC), even if the worker is suitable for the position.

Oral :			Written:		
	English	English or French		English	English or French
	French	English and French		French	English and French
	Other	None		Other	None

If the language required for the job is other than English and/or French, please identify the language requirement and provide an explanation:

60. Wage in Canadian Dollars and Number of Work Hours

per hour	per day	per month	per year	other	Number of hours per day	Total number of hours per week	Total number of hours per month
$ _____	$ _____	$ _____	$ _____	$ _____	_____	_____	_____

Overtime hours rate of $ _____ starts after _____ hours of work per week.

61. Benefits:

Disability insurance
Dental insurance
Extended medical insurance (i.e. prescription drugs, paramedical services, medical services and equipment, …)
Pension

Vacation (if applicable):
Days: _____ (# of business days per year)
or
Remuneration: _____ (% of gross salary)

62. Other benefits (specify):

63. Are there any federal/provincial/territorial certification, licensing or registration requirements for this job?

No

Yes If yes, what is the name of the certifying/licensing/registering body?

Will the temporary foreign worker have all required certification, licensing, or registration prior to entering and starting work in Canada?

No If no, please indicate the anticipated period of time to acquire all the required credential(s) after starting work in Canada:

_____ days _____ weeks _____ months

Yes If yes, the temporary foreign worker must have proof that he/she already has all the required credential(s).

Please note: When processing a work permit application, Citizenship and Immigration Canada (CIC) will verify whether the temporary foreign worker requires certification, licensing or registration. If the temporary foreign worker does not meet these requirements prior to entering and starting work in Canada, then CIC will verify that arrangements have been made to this end.

64. Is the position part of a union?

No Yes If yes, what is the name of the union and the local?

Has the union been consulted about the hiring of a foreign worker?

No If no, please explain.

Yes If yes, what is the position of the union? Provide details. Attach documentation, if available:

65. Is there a labour dispute in progress?

No Yes If yes, please provide details:

66. Have you attempted to recruit Canadian citizens/permanent residents for this job?

No If no, please explain:

Yes If yes, please provide details of your recruitment efforts and the results.

(Attach supporting documentation such as advertisements in local and national newspapers, recognized Internet job sites, job-specific and professional publications, recruitment drives, job faires, etc.)

If you posted on Job Bank (or the equivalent in some provinces) please provide, in addition to supporting documents, the order number:

67. What are the potential benefits to the Canadian labour market for offering this job to a temporary foreign worker (s)?

Filling a labour shortage | Transfer of new skills or knowledge to Canadian citizens/permanent residents | Direct job creation or retention of Canadian citizens/permanent residents | Other

Provide details:

68. Provide a rationale for the job offer you are making to the temporary foreign worker(s) and explain how this will meet your employment needs:

69. Do you plan to train Canadians citizens/permanent residents for the position(s) for which you are requesting an LMO?

No If no, please explain:

Yes If yes, provide a brief description of the training plan:

70. Will you provide the temporary foreign worker with suitable and affordable accommodation?

No, but I will assist by doing the following:

Yes If yes, please indicate the rent : CAD$ _____ per week or Per month and describe the type of accommodation:

TEMPORARY FOREIGN WORKER INFORMATION

Please provide information on a separate sheet for each temporary foreign worker coming to Canada. If you have not yet identified the temporary foreign worker, leave this section blank. NOTE: you will have six months, from the date the labour market opinion confirmation letter is issued, to provide HRSDC/Service Canada with the names of the foreign workers you intend to hire, and for the workers to submit their applications for a work permit to CIC.

71.Temporary Foreign Worker Surname (family name) as Shown on the Passport	72. Temporary Foreign Worker Given Name(s) as Shown on the Passport

73. Gender	74. Date of Birth (yyyy-mm-dd)	75. Location of Residence Outside Canada:	76. Citizenship(s)
Male Female		City Country	

77. If the temporary foreign worker is currently in Canada, please indicate his/her location (City and Province) and immigration status:

City: Province:

Visitor Temporary Foreign Worker Refugee Claimant Student

DECLARATION OF EMPLOYER

I am an unincorporated employer, sole proprietor or partnership. Yes No

If you answered "YES" to the above:

I understand that some provinces and territories operate, pursuant to agreements with the federal Department of Citizenship and Immigration, provincial nominee programs. I hereby consent to HRSDC providing the personal information contained in this request for a Labour Market Opinion to the provincial/territorial government(s) of the province(s) or territory(ies) where I carry on business to be used by the province(s) or territory(ies) for the administration of their Provincial Nominee Programs

Yes

No

Agreement to Participate in the Monitoring Initiative

(The Initiative does not apply to employers seeking foreign workers to fill job offers located in Quebec.)

I have read and understand the Monitoring Initiative Fact Sheet and agree to participate in the Initiative.

I have read and understand the Monitoring Initiative Fact Sheet and do NOT agree to participate in the Initiative.

Check each box to declare that you comply (or will comply) with the statements below:

I will provide any temporary foreign worker employed by me with wages, working conditions and employment in an occupation that are substantially the same as those described in the Labour Market Opinion confirmation letter, annex and employment contract.

I signed the employment contract containing all the provisions required by the Pilot Project for Occupations Requiring Lower Levels of Formal Training (NOC C and D). This contract accurately represents the actual terms and conditions of employment that I intend to provide to the temporary foreign worker.

I will pay all recruitment costs related to the hiring of the temporary foreign worker and will not recoup, directly or indirectly, any of these costs from the worker.

I will pay full transportation costs for the temporary foreign worker to travel from his/her country of residence (or from his/her residence in Canada) to the location of work in Canada and for the return to the country of residence (as stipulated in the employment contract) and will not recoup, directly or indirectly, any of these costs from the worker.

I will provide the temporary foreign worker with medical coverage, at least equivalent to provincial/territorial health care coverage, until he/she is eligible for provincial/territorial health care insurance coverage (where applicable).

I agree to review and adjust, when applicable, the temporary foreign worker's wages after 12 months of employment to ensure he/she continues to receive the prevailing wage rate of the occupation and region where he/she is employed.

I will immediately inform Service Canada/Temporary Foreign Worker Program officers of any subsequent changes related to the temporary foreign workers' terms and conditions of employment, as described in the Labour Market Opinion confirmation letter, annex and employment contract.

I am in good standing with the applicable workers' compensation program and I will register the temporary foreign worker under the appropriate provincial/territorial workers' compensation / workplace safety insurance plans, where available, or purchase a personal for free, on-the-job-injury or illness insurance that provides the temporary foreign worker with a protection equivalent to the one offered by the applicable provincial/territorial law.

I am compliant with, and agree to continue to abide by, the relevant federal/provincial /territorial laws that regulate employment in the occupation specified and, if applicable, the terms and conditions of any collective agreement in place. I recognize that any terms and conditions of the attached employment contract are considered null and void if they are less favourable to the temporary foreign worker than the standards stipulated in the relevant *Labour Standards Act*.

I am compliant with, and agree to continue to abide by, the relevant federal/provincial/territorial legislation related to the temporary foreign worker’s recruitment applicable in the jurisdiction where the job is located. I declare that all recruitment done or that will be done on my behalf by a third party was or will be done in compliance with federal/provincial/territorial laws governing recruitment. I am aware that I will be held responsible for the actions of any person recruiting temporary foreign workers on my behalf.

SIGNATURE OF EMPLOYER

I have read and I understand the Personal Information Collection Statement found at the beginning of this application.
I declare that the information provided in this application is true and accurate.

Signature of Employer

Printed Name of Employer

Title of Employer

Date (YYYY-MM-DD)

SIGNATURE OF THIRD PARTY (if applicable)

I declare that the information provided in this application is true and accurate to the best of my knowledge.

Signature of Third Party Representative

Printed Name of Third Party Representative

Date (YYYY-MM-DD)

INFORMATION FOR EMPLOYERS

Please forward this application to the Service Canada Centre responsible for processing foreign worker applications.
For the list of appropriate centres, please consult our website at:
hrsdc.gc.ca/eng/workplaceskills/foreign_workers/listhrcc.shtml

Once the application is assessed, the employer will be notified of the decision.

APPOINTMENT OF REPRESENTATIVE

To Human Resources and Skills Development Canada (HRSDC)/Service Canada

FOR THE PURPOSE OF A TEMPORARY FOREIGN WORKER APPLICATION (Labour Market Opinion).

I, _____, residing at

(name of employer)

_____

_____

(full address)

Telephone Number: _____ Fax Number: _____

hereby appoint _____

(name of representative and business name)

of _____

_____

(full address)

Telephone Number: _____ Fax Number: _____

as my representative to act on my behalf in order to obtain from HRSDC/Service Canada a labour market opinion relating to

_____

(name of individual to whom employment has been offered)

I, hereby, agree to ratify and confirm all that my representative shall do or cause to be done by virtue of this appointment.

This appointment shall remain in full force and effect only for the processing of this application, unless due notice in writing of its revocation has been given to HRSDC/Service Canada.

_____ _____

(signature of employer) (print name of employer)

_____

(date) (YYYY-MM-DD)

_____ _____

(signature of witness) (print name of witness)

Personal Information is administered in accordance with the *Privacy Act*. It will be retained in Personal Information Bank HRDC PPU 440. Individuals have the right to access their personal information. For instructions, please consult the government publication *Info Source* found in Service Canada Centres and available at the following address: infosource.gc.ca.

F.2 Sample LMO for a high-skilled stream

Human Resources and Skills Development Canada
Ressources humaines et Développement des compétences Canada

Please Print

PROTECTED WHEN COMPLETED - B

APPLICATION FOR A LABOUR MARKET OPINION (LMO)
OCCUPATIONS REQUIRING POSTSECONDARY EDUCATION/TRAINING
(MANAGEMENT, SCIENTIFIC, PROFESSIONAL AND TECHNICAL OCCUPATIONS AND TRADES)

Personal Information Collection Statement

The information you provide on this request for a Labour Market Opinion (LMO) form is collected by Human Resources and Skills Development Canada (HRSDC) under the authority of the Immigration and Refugee Protection Act and Regulations, for the purpose of providing a Labour Market Opinion (LMO) in accordance with these statutes. Completion is voluntary; however, failure to complete this form will result in your request for an LMO not being processed.

The information you provide may be shared with Citizenship and Immigration Canada (CIC) for the administration and enforcement of the *Immigration and Refugee Protection Act* (IRPA) and *Regulations (IRPR)* as permitted by the *Department of Human Resources and Skills Development Act* (*DHRSD Act*), and may be accessed by the Canada Border Services Agency (CBSA) for the purpose of issuing work permits at Ports of Entry. HRSDC may also provide information to CBSA in order for that agency to investigate and enforce the *IRPA* and *IRPR* in relation to an LMO.

The information may also be shared with Provincial/Territorial governments for the purpose of administration and enforcement of provincial/territorial legislation, including employment standards and occupational health and safety legislation, as permitted by the *DHRSD Act*. The information may also be used by HRSDC for policy analysis, research and evaluation in relation to the entry and hiring of foreign workers to Canada or the *IRPA*.

The information you provide is administered under Part 4 of the *DHRSD Act* and the *Privacy Act*. You have the right to access and request correction of your personal information, which is described in Personal Information Bank PPU 440 of Info Source. Instructions for making formal requests are outlined in the Info Source publication available online at infosource.gc.ca.

EMPLOYER INFORMATION

1. Employer ID # (if applicable)	2. Canada Revenue Agency Business Number (First 9 digits are mandatory for Canadian Employers)	3. Employer Business Name	
4. Employer Legal Name	5. Employer Mailing Address	6. City	7. Province/State

8. Country	9. Postal/Zip Code	10. Business Telephone Number	11. Employer Business Address (if different than mailing address)

12. City	13. Province/State	14. Postal/Zip Code	15. Country	16. Website Address

17. Date business started (yyyy-mm-dd)	18. Describe the principal business activity:

19. Primary Contact Name: First Middle Last	20. Job Title

21. Contact Phone Number Ext.	22. Fax Number	23. E-mail

24. Preferred Official Language of Correspondence English French	25. Number of Canadian citizens/permanent residents employed at the location of employment covered by this LMO:

26. Only answer this question if you employed a temporary foreign worker in the last two years. Did you provide all temporary foreign workers employed by you in the last two years with wages, working conditions and employment in an occupation that were substantially the same as those that were described in the job offer(s)?

☐ Yes, I have provided all temporary foreign workers employed by me in the last two years with substantially the same wages, working conditions, and occupation as described in the job offer(s).

☐ No, I have not provided all temporary foreign workers employed by me in the last two years with substantially the same wages, working conditions, and occupation as described in the job offer(s).

27. If you are currently employing temporary foreign workers, please indicate the number employed at the location of employment covered by this LMO:

28. Were any employees laid off in the past 12 months? No Yes If yes, how many?
Reason(s) for layoff(s) and occupations affected:

29. Does your business receive support through any Government of Canada program (e.g. Work-Sharing Program)? No Yes
If yes, name the program(s):

Aussi disponible en français

Canada

* THIRD PARTY INFORMATION (if applicable)

30. Third Party ID # (if applicable)	31. Canada Revenue Agency Business Number	32. Third Party Business Name	
33. Third Party Legal Name	34. Third Party Mailing Address	35. City	36. Province/State

37. Country	38. Postal/Zip Code	39. Third party Business Address (if different than mailing address)

40. City	41. Province/State	42. Postal/Zip Code	43. Country

44. Describe the main business activity

45. Third Party Representative Authorized to Act on Behalf of the Employer First Middle Last	46. Job Title

47. Telephone Number Ext.	48. Fax Number	49. E-mail Address

50. Preferred Official Language of Correspondence
English French

***If you are a third party representative acting on behalf of an employer, written authorization from the employer to act on his/her behalf is required. Employers who wish to have third party representation must fill out and sign the "Appointment of Representative" page attached to this form and submit it with this application. HRSDC/Service Canada reserves the right to contact the employer directly if necessary.**

JOB OFFER INFORMATION

Use a separate sheet for each additional job offer.
If you are requesting a Labour Market Opinion for identical job offers, provide the information only once.

51. Job title	52 Is the job temporary with intent to permanent? No yes	53. Number of temporary foreign workers requested for this job offer (same wage, job description, location, etc):

54. Expected Employment Duration ____ days ____ weeks ____ months ____ years	55. Expected Employment Start Date (YYYY-MM-DD)

56. Work Address : Number and Street	City	Province	Postal Code

57. Describe the Main Duties of the Job:

58. Educational Requirements of the Job:

Doctorate/PhD	Master's degree	Bachelor's degree
College level diploma/certificate	Apprenticeship diploma/certificate	Trade diploma/certificate
Secondary school	Vocational /school diploma or certificate	No formal education requirement

Additional information:

59. Experience/Skills Requirements of the Job: (including occupational designations such as CA, CMA, CGA, RN, P.Eng,)

60. Language requirements: Indicate the language requirement needed for this job. If you indicate a language that the temporary foreign worker does not speak, the application will be refused by Citizenship and Immigration Canada, even if the worker is suitable for the position.

Oral :			Written:		
	English	English or French		English	English or French
	French	English and French		French	English and French
	Other	None		Other	None

If the language required for the job is other than English and/or French, please identify the language requirement and provide an explanation:

61. Wage in Canadian Dollars and Number of Work Hours

per hour	per day	per month	per year	other	Number of hours per day	Total number of hours per week	Total number of hours per month
$ _____	$ _____	$ _____	$ _____	$ _____	_____	_____	_____

Overtime hours rate of $ _____ starts after hours of work per week

62. Benefits:

Disability insurance
Dental insurance
Extended medical insurance (i.e. prescription drugs, paramedical services, medical services and equipment, …)
Pension

Vacation (if applicable):
Days: _____ (# of business days per year
or
Remuneration: _____ (% of gross salary)

63. Other benefits (specify):

64. Are there any federal/provincial/territorial certification, licensing or registration requirements for this job?

No

Yes If yes, what is the name of the certifying/licensing/registering body?

Will the temporary foreign worker have all required certification, licensing, or registration prior to entering and starting work in Canada?

☐ No If no, please indicate the anticipated period of time to acquire all the required qualification(s) after starting work in Canada:

☐ Yes _____ days _____ weeks _____ months

If yes, the temporary foreign worker must have proof that he/she already has all the required qualification(s).

Please note: When processing a work permit application, Citizenship and Immigration Canada (CIC) will verify whether the temporary foreign worker requires certification, licensing or registration. If the temporary foreign worker does not meet these requirements prior to entering and starting work in Canada, then CIC will verify that arrangements have been made to this end.

65. Is the position part of a union?

No

Yes If yes, what is the name of the union and the local?

Has the union been consulted about the hiring of a temporary foreign worker?

No If no, please explain.

Yes If yes, what is the position of the union? Provide details. Attach documentation, if available.

66. Is there a labour dispute in progress?

No Yes If yes, please provide details.

67. Have you attempted to recruit Canadian citizens/permanent residents for this job?

No If no, please explain.

Yes If yes, please provide details of your recruitment efforts and the results.

(Attach supporting documentation such as advertisements in local and national newspapers, recognized Internet job sites, job-specific and professional publications, recruitment drives, job faires, etc.)

If you posted on Job Bank (or the equivalent in some provinces) please provide, in addition to supporting documents, the order number:

68. What are the potential benefits to the Canadian labour market for offering this job to a temporary foreign worker (s)?

Filling a labour shortage | Transfer of new skills or knowledge to Canadians/ permanent residents | Direct job creation or retention of Canadians/ permanent residents | Other

Provide details:

69. Provide a rationale for the job offer you are making to the temporary foreign worker(s) and explain how this will meet your employment needs:

70. Do you plan to train Canadians citizens/permanent residents for the position(s) for which you are requesting an LMO?

No If no, please explain:

Yes If yes, provide a brief description of the training plan.

TEMPORARY FOREIGN WORKER INFORMATION

Please provide information on a separate sheet for each temporary foreign worker coming to Canada. If you have not yet identified the temporary foreign worker, leave this section blank. NOTE: you will have six months, from the date the labour market opinion confirmation letter is issued, to provide HRSDC/Service Canada with the names of the foreign workers you intend to hire, and for the workers to submit their applications for a work permit to CIC.

71. Temporary Foreign Worker Surname (family name) as Shown on the Passport:	72. Temporary Foreign Worker Given Name(s) as Shown on the Passport:

73. Gender	74. Date of Birth (yyyy-mm-dd)	75. Location of Residence Outside Canada:	76. Citizenship (s)
Male Female		City Country	

77. If the temporary foreign worker is currently in Canada, please indicate his/her location (City and Province) and immigration status:

City: Province:

Visitor Temporary foreign worker Refugee claimant Student

ENTERTAINMENT REQUEST (if applicable)

78. Name of the production	79. Total number of people involved in the production:

80. Type of Production

81. A copy of the contract between the employer and the foreign entertainer must be attached with this application form, except for film and TV requests.

Contract included with application? No If no, please explain:

Yes

DECLARATION OF EMPLOYER

I am an unincorporated employer, sole proprietor or partnership. Yes No

If you answered "YES" to the above:

I understand that some provinces and territories operate, pursuant to agreements with the federal Department of Citizenship and Immigration, provincial nominee programs. I hereby consent to HRSDC providing the personal information contained in this request for a Labour Market Opinion to the provincial/territorial government(s) of the province(s) or territory(ies) where I carry on business to be used by the province(s) or territory(ies) for the administration of their Provincial Nominee Programs.

Yes

No

Agreement to Participate in the Monitoring Initiative

(The Initiative does not apply to employers seeking foreign workers to fill job offers located in Quebec.)

I have read and understand the Monitoring Initiative Fact Sheet and agree to participate in the Initiative.

I have read and understand the Monitoring Initiative Fact Sheet and do NOT agree to participate in the Initiative.

Check each box to declare that you comply (or will comply) with the statements below:

I will provide any temporary foreign worker employed by me with wages, working conditions and employment in an occupation that are substantially the same as those described in the Labour Market Opinion confirmation letter, annex and employment contract.

I will immediately inform Service Canada/Temporary Foreign Worker Program officers of any subsequent changes related to the temporary foreign workers' terms and conditions of employment, as described in the Labour Market Opinion confirmation letter and annex.

I am compliant with, and agree to continue to abide by the relevant federal/provincial /territorial laws that regulate employment in the occupation specified and, if applicable, the terms and conditions of any collective agreement in place. I recognize that any terms and conditions of the attached offer of employment are considered null and void if they are less favourable to the temporary foreign worker than the standards stipulated in the relevant *Labour Standards Act*.

I am compliant with, and agree to continue to abide by federal/provincial/territorial legislation related to the temporary foreign worker's recruitment applicable in the jurisdiction where the job is located. I declare that all recruitment done or that will be done on my behalf by a third party, was or will be done in compliance with federal/provincial/territorial laws governing recruitment. I am aware that I will be held responsible for the actions of any person recruiting temporary foreign workers on my behalf.

SIGNATURE OF EMPLOYER

I have read and I understand the Personal Information Collection Statement found at the beginning of this application.
I declare that the information provided in this application is true and accurate.

Signature of Employer | **Printed Name of Employer**

Title of Employer | **Date (YYYY-MM-DD)**

SIGNATURE OF THIRD PARTY (if applicable)

I certify that the information provided in this application is true and accurate to the best of my knowledge.

Signature of Third Party Representative | **Printed Name of Third Party Representative**

Date (YYYY-MM-DD)

INFORMATION FOR EMPLOYERS

Please send this application to the Service Canada Centre responsible for processing temporary foreign worker applications.
For the list of appropriate centres, please consult HRSDC Web site at:
hrsdc.gc.ca/eng/workplaceskills/foreign_workers/listhrcc.shtml

Once the application is assessed, the employer will be notified of the decision.

APPOINTMENT OF REPRESENTATIVE

To Human Resources and Skills Development Canada (HRSDC/Service Canada)::

FOR THE PURPOSE OF A TEMPORARY FOREIGN WORKER APPLICATION (Labour Market Opinion).

I, _____, located at
(name of employer)

_____
(full address)

Telephone Number: _____ Fax Number: _____

hereby appoint _____
(name of representative and business name)

of _____

_____
(full address)

Telephone Number: _____ Fax Number: _____

as my representative to act on my behalf in order to obtain from HRSDC/Service Canada a labour market opinion relating to

_____
(name of individual to whom employment has been offered)

I, hereby, agree to ratify and confirm all that my representative shall do or cause to be done by virtue of this appointment.

This appointment shall remain in full force and effect only for the processing of this application, unless due notice in writing of its revocation has been given to HRSDC/Service Canada.

_____ _____
(signature of employer) (print name of employer)

_____
date (YYYY-MM-DD)

_____ _____
(signature of witness) (print name of witness)

Personal Information is administered in accordance with the *Privacy Act*. It will be retained in Personal Information Bank HRDC PPU 440. Individuals have the right to access their personal information. For instructions, please consult the government publication *Info Source* found in Service Canada Centres and available at the following address: infosource.gc.ca.

F.3 Sample LMIA

LABOUR MARKET IMPACT ASSESSMENT APPLICATION
HIGH-WAGE AND LOW-WAGE POSITIONS

Employers should visit the Temporary Foreign Worker Program TFWP website at www.esdc.gc.ca/eng/jobs/foreign_workers/index.shtml, to verify that the Program is accepting applications for the specific occupation or sector for which they wish to hire the temporary foreign worker (TFW) and to determine if they are eligible to participate in the Program.

Personal Information Collection Statement

The information you provide on this form is collected by Employment and Social Development Canada (ESDC) under the authority of the *Immigration and Refugee Protection Act* (IRPA) and *Immigration and Refugee Protection Regulations* (IRPR), for the purpose of providing a Labour Market Impact Assessment (LMIA) in accordance with these statutes. Completion is voluntary; however, failure to complete this form will result in your LMIA application not being processed.

The information you provide may be shared with Citizenship and Immigration Canada (CIC) for the administration and enforcement of the IRPA and IRPR as permitted by the *Department of Employment and Social Development Act* (DESD Act), and may be accessed by the Canada Border Services Agency (CBSA) for the purpose of issuing work permits at Ports of Entry. ESDC may also provide information to CBSA in order for that agency to investigate and enforce the IRPA and IRPR in relation to an LMIA.

The information may also be shared with provincial/territorial governments for the purpose of administration and enforcement of provincial/territorial legislation, including employment standards and occupational health and safety legislation, as permitted by the DESD Act. The information may also be used by ESDC for inspections, policy analysis, research and evaluation in relation to the entry and hiring of TFWs to Canada or the IRPA.

The information you provide is administered under Part 4 of the DESD Act and the *Privacy Act*. You have the right to access and request correction of your personal information, which is described in Personal Information Bank PPU 440 and PPU 171 of Info Source. Instructions for making formal requests are outlined in the Info Source publication available online at infosource.gc.ca.

A person, who contravenes a provision set out under sections 126 or 127 of the *Immigration and Refugee Protection Act* (misrepresentation), could be liable to a fine or to imprisonment, or to both. Also, providing inaccurate information, in the context of this application, may lead to an administrative penalty such as being ineligible to access the Program for a period of two years.

BUSINESS INFORMATION

1. Employer ID Number (if applicable):		2. Canada Revenue Agency Business Number (first 9 digits are mandatory for Canadian businesses):	
3. Business Legal Name:		4. Business Operating Name:	
5. Business Mailing Address:			
6.City:	7. Province/State:	8. Country:	9. Postal Code:
10. Business Telephone Number:	11. Business Address (if different than mailing address):		
12. City:	13. Province/State	14. Country::	15. Postal Code:

16. Type of business (select all that apply):

☐ incorporated/limited ☐ partnership ☐ sole proprietor ☐ other, specify _____

17. Is the business a franchise?

☐ No ☐ Yes

If yes, is the corporate head office aware of this application for temporary foreign workers (TFW)?

☐ Yes ☐ No

Provide the name of the corporation:

18. Website Address:	19. Date Business Started: (YYYY-MM-DD)

20. Describe the principal business activity:

21. Primary Contact Name: First / Middle / Last	22. Job Title:

23. Contact Phone Number: Ext.	24. Fax Number:	25. E-mail:

26. Preferred Official Language of Correspondence:

English French

THIRD-PARTY, RECRUITER OR EMPLOYMENT AGENCY INFORMATION

1. Are you using the services of a third-party, recruiter or employment agency for the purpose of hiring a TFW?

☐ No ☐ Yes If yes, complete the boxes on the right

Note:
In some provinces/territories it is mandatory to be registered in order to recruit TFWs on behalf of an employer. For more information visit:
http://www.esdc.gc.ca/eng/jobs/foreign_workers/high_low_wage/index.shtml

2. Name of third-party, recruiter or employment agency:

3. Registration, license or certificate number:

4. Are you appointing a third-party to represent you in completing this application form or to provide advice in an immigration process?

☐ No ☐ Yes If yes, complete **Schedule A - Third-party representative**

5. Name of third-party representative:

6. A number of provinces/territories prohibit the charging of recruitment fees to TFWs for the purpose of securing a job offer. Have you the employer or any other third-party in connection to this job offer received payment from the TFWs to secure this offer of employment?

☐ Yes ☐ No

BUSINESS DETAILS

1. Number of employees currently employed nationally under this Canada Revenue Agency Business number (e.g. 5 franchises are covered by the business number and there are a total of 100 employees):

2. Total number of employees currently employed at the work location specified on this form:

3. Total number of Canadian/permanent resident employees at the work location specified on this form:

4. Total number of employees (including Canadians/permanent residents and TFWs) working in this occupation at this work location.

5. Total number of TFWs (as the result of receiving a positive LMIA) at the work location specified on this form:

6. Did you employ a TFW (as the result of receiving a positive LMIA) in the last two years, prior to December 31, 2013?

☐ Yes ☐ No

If YES – did you provide all TFWs employed by you in the last two years with wages, working conditions and employment in an occupation that were substantially the same as those that were described in the offer(s) of employment (and confirmed in the LMIA letter(s) and annexe(s))?

☐ Yes ☐ No

7. Have you applied for and received a positive LMIA on or after December 31, 2013, and employed a TFW in that position?

☐ Yes ☐ No

If YES – did you provide all TFWs employed by you, on LMIAs received on or after December 31, 2013, with employment in the same occupation as described in the offer(s) of employment (and confirmed in the LMIA letter(s) and annexe(s)) and with substantially the same wages and working conditions - but not less favourable than- those set out in that offer(s) of employment (and confirmed in the LMIA letter(s) and annexe(s))?

☐ Yes ☐ No

Note:
Employers should be aware that with recent changes to the Immigration and Refugee Protection Regulations, the look back period has changed from 2 to 6 years. However, this change is not retroactive and, therefore will not be fully implemented until January 2020.

8. Have you had an LMIA revoked within the previous 2 years from the date you submitted this application?

☐ No ☐ Yes

If yes, was the LMIA revoked because you had provided false, misleading or inaccurate information in the context of a request for an opinion.

☐ No ☐ Yes If yes, please provide the following details regarding this revocation:

Date (YYYY-MM-DD): _____ System File Number: _____

If the public policy considerations that justified the revocation are no longer relevant, please provide a detailed explanation:

9. Were any employees laid off in the past 12 months?

☐ No

☐ Yes If yes, how many Canadians/permanent residents? _____ How many TFWs? _____

Reason(s) for layoff(s) and occupations affected:

10. Does your business receive support through Employment and Social Development Canada's Work-Sharing program?

☐ No

☐ Yes If yes, provide details:

JOB OFFER INFORMATION

If you are requesting an LMIA to fill multiple jobs for the identical position/occupation, provide the job offer information only once.
However, if there are multiple jobs for different positions/occupations, use a separate application form for each unique position/occupation.

1. Are you applying for an LMIA to hire a TFW in a Caregiver position? ☐ No ☐ Yes

If yes, employers hiring:

- an In-home Caregiver must complete this form and **Schedule G - In-Home Caregiving Occupations.**
- a Caregiver to work in a Health Institution must complete this form.

2. Job Title:	3. Number of TFWs requested for this job offer (same wage, job description, location, etc.):

4. Expected employment duration:

_____ Days _____ weeks _____ months _____ years

Employment duration rational:

5. Expected employment start date (YYYY– MM –DD):

6. Provide exact location where the TFW will be working (number and street address):

7. City:	8. Province:	9. Postal Code:

10. Describe the main duties of the job:

11. Minimum education requirements of the job:

☐ Doctorate/PhD ☐ Doctor of Medicine ☐ Master's degree

☐ Bachelor's degree ☐ College level diploma/certificate ☐ Apprenticeship diploma/certificate

☐ Trade diploma/certificate ☐ Secondary school ☐ Vocational school diploma/certificate

☐ No formal education requirement

Additional Information:

12. Minimum experience/skills requirements of the job: (include years of experience and/or occupational designations such as CA, CMA, CGA, R.N.,P.Eng.)

13. Indicate the language requirement stated in the offer of employment:

☐ The offer of employment does not require the ability to communicate in any specific language.

☐ The offer of employment requires the ability to communicate orally in:

☐ English ☐ French ☐ English or French ☐ English and French

☐ The offer of employment requires the ability to communicate in writing in:

☐ English ☐ French ☐ English or French ☐ English and French

☐ The offer of employment requires the ability to communicate in a language other than English or French.

If this option is selected, identify the specific language needed and clearly describe why this is a bona fide employment requirement for performing the duties associated with the employment. If insufficient space, attach a separate signed and dated sheet.

14. Wage in Canadian dollars and number of work hours. **Note**: Employers must provide the calculation of an hourly rate.

$ per hour _____ $ per year _____

Overtime rate of $ _____ starts after _____ hours of work per week.

Number of hours per day	Total number of hours per week	Total number of hours per month

15. What is the wage range for these employees currently working in this occupation at this work location ?

Low-wage: $ _____ /hour High-wage: $ _____ /hour **OR** ☐ there are no employees currently working in this occupation at this work location

Note:
The wage range should be from the last 2 pay periods that have occurred within the 6 weeks prior to submitting the application.

16. Vacation (if applicable) Days: _____ (# of business days per year) OR Remuneration: _____ (% of gross salary)

17. Is the job offer for full-time employment (at least 30 hours of work per week) throughout the duration of employment covered by the LMIA ?

☐ Yes ☐ No If no, explain.

18. Is this employment seasonal? ☐ Yes ☐ No

19. Benefits:

☐ Disability insurance ☐ Dental insurance ☐ Pension ☐ Extended medical insurance (e.g. prescription drugs, paramedical services, medical services and equipment)

20. Other benefits (specify):

21. Are there any federal/provincial/territorial certification, licensing or registration requirements for this job?

☐ No

☐ Yes If yes, what is the name of the certifying/licensing/registering body?

Will the TFW have all required certification, licensing, or registration prior to entering and starting work in Canada?

☐ No If no, indicate the anticipated period of time to acquire all of the required qualifications after starting work

_____ Days: _____ weeks _____ months

☐ Yes If yes, the TFW must have proof that he/she already has all the required qualifications.

Note:
Securing the necessary documents to practice in Canada is the employer's and the worker's responsibility. CIC must be satisfied that the skilled workers are capable of performing the employment being offered to them. CIC will check to ensure the skilled workers hold the required certification, or license to practice in a regulated occupation in Canada. If the applicant is not certified or licensed, CIC will assess whether the applicant is likely to qualify for licensing/certification when in Canada.

22. Is the position part of a union?

☐ No ☐ Yes If yes, what is the name of the union and the local?

Has the union been consulted about the hiring of a TFW?

☐ No If no, explain.

☐ Yes If yes, what is the position of the union? Provide details and attach documentation, if available.

23. Have you attempted to recruit Canadians/permanent residents for this job?

☐ No If no, explain.

☐ Yes If yes, you must provide proof of recruitment (e.g. copy of advertisements and information to support where, when and for how long the position was advertised).

In addition, if you advertised on the Job Bank (or the provincial/territorial equivalent), provide the order number: _____

24. What are the potential benefits to the Canadian labour market for offering this job to a TFW(s)?

☐ Filling a labour shortage ☐ Development or transfer of skills and knowledge for the benefit of Canadians/permanent residents

☐ Other ☐ Direct job creation or job retention of Canadians/permanent residents

Provide Details:

25. Provide a rationale for the job offer you are making to the TFW(s) and describe how this will meet your employment needs:

26. Do you plan to hire or train Canadians/permanent residents for the position(s) for which you are requesting an LMIA ?

☐ No If no, explain.

☐ Yes If yes, provide a brief description of the training plan.

27. Will you provide the temporary foreign worker with suitable and affordable accommodation ?

☐ No, but I will assist by doing the following: _____

☐ Yes If yes, please indicate the rent : CAD$ _____ ☐ per week or ☐ per month

and describe the type of accommodation:

☐ Not applicable

SUMMARY OF RESULTS TO MEET MINIMUM RECRUITMENT AND ADVERTISEMENT REQUIREMENT

You must provide a brief summary of the results of the activities you conducted to meet the minimum recruitment and advertisement requirements to apply for an opinion.

1. Number of applications/resumes received from Canadians/permanent residents:	2. Number of Canadian/permanent resident applicants interviewed:
3. Number of Canadians/permanent residents offered the position:	4. Number of Canadians/permanent residents hired:

5. Number of job offers declined by Canadian/permanent resident applicants:	6. Number of Canadian/permanent resident applicants who were not qualified for the job:

7. For each unsuitable Canadian/permanent resident applicant, provide an explanation as to why the candidate did not meet the requirements of the position, if necessary, attach a separate sheet. However, do not provide the names of the candidates (e.g. applicant #1 – has not completed the apprenticeship program and therefore cannot work as a journeyperson, applicant #2 – (unable to communicate in English to the level required for service in a fast paced environment).

TRANSITION TO A CANADIAN WORKFORCE

There are 2 possible paths for employers to transition to a Canadian workforce. The path that an employer must follow is determined by the wage being offered to the TFW for the position, in relation to the provincial/territorial median hourly wage, based on Statistics Canada's Labour Force Survey (2014).

Exemptions:

The requirement to transition to a Canadian workforce is not applicable to employers who are hiring TFWs for:

- on-farm primary agricultural positions, specifically
    - farm managers/supervisors and specialized livestock workers (NOC 8251, 8252, 8253, 8254 and 8256); and
    - general farm workers, nursery and greenhouse workers and harvesting labourers (NOC 8431, 8432 and 8611).
- caregiver positions in a:
    - private household (NOC 3152, 3233, 3413, 6471 and 6474); and
    - health care facility (NOC 3152, 3233, 3413 and 6471).
- positions where they are submitting an application to exclusively support a TFW's permanent residence under an Express Entry program (the TFW will not be applying for a work permit).

Employers hiring TFWs in these positions, go to the IMPACTS ON THE CANADIAN LABOUR MARKET section

The provincial/territorial median hourly wages are as follows:

Alberta	$25.00	Nunavut	$29.00
British Columbia	$22.00	Ontario	$21.15
Manitoba	$19.50	Prince Edward Island	$17.49
New Brunswick	$18.00	Quebec	$20.00
Newfoundland and Labrador	$21.12	Saskatchewan	$22.00
Northwest Territories	$30.00	Yukon	$27.50
Nova Scotia	$18.85		

Is the wage you are offering for the position at or above the provincial/territorial median hourly wage in the province/territory where the job is located?

☐ No If no, complete the following Section A – Cap for Low-wage Positions

☐ Yes If yes, skip to Section B – Transition Plans for High-wage Positions

Section A - Cap for the Low-wage Positions

Employers hiring TFWs and offering a wage that is below the provincial/territorial median hourly wage will be subject to a maximum 10% cap on the proportion of these low-wage TFWs. The cap will be phased in over the next 2 years to provide employers who use the program with time to transition to a Canadian workforce.

Employers that have a low-wage TFW workforce will be subject to an established cap, which is the lesser of their current percentage of TFWs in low-wage positions, or

- 30% as of June 20, 2014
- 20% as of July 1, 2015; and
- 10% as of July 1, 2016.

Exemptions to the Cap Requirement:

There is one exemption to the low-wage cap requirement. Employers should check the box if the following is applicable to their business:

☐ The business has fewer than 10 employees nationally, including the position to be staffed with TFWs;

☐ Positions are truly temporary where the position:

- is part of a highly mobile workforce that regularly crosses inter-jurisdictional boundaries (e.g. provincial, territorial and/or international) as part of the business' ongoing operations; or
- will not be filled after the worker leaves; or
- is for 120 days or less.

Note:
The position should be no more than 120 days in length, however, this could be extended on a case-by-case basis if an employer can demonstrate that their peak season, project or event operates beyond 120 days.

Employers, who are exempt from the Cap requirement, go to the **IMPACTS ON THE CANADIAN LABOUR MARKET section.**

Employers, who are NOT exempt from the Cap requirement must complete **Schedule E - Cap for Low-wage Positions.**

Section B - Transition Plan for High-wage Positions

The Transition Plan is a mandatory requirement for all employers applying to hire TFWs, and are offering a wage that is at or above the provincial/territorial median hourly wage.

Rationale For Possible Exemption:

To be considered for an exemption from having to provide a Transition Plan, the employer must complete this section and provide a justification on how they meet the criteria indicated in the following question. Exemptions will be considered on a case by case basis.

Employers who are NOT exempt from the Transition Plan requirement must complete **Schedule C - Employer Transition Plan**.

1.What are the requirements of the position? Select all of the exemption criteria that apply to the position specified on this LMIA.

☐ The position has a limited duration which means – the job is time-limited and will no longer exist after the TFW leaves.

The employment duration is:

☐ 1 to 120 days;

☐ more than 120 days to a maximum of 2 years (e.g. non-recurring project-based positions)

☐ The position is exempt under the Quebec Facilitated Process

(**Note**: Under the Facilitated Process, a Transition Plan is only required on the second LMIA application for the same occupation.)

2. Provide details:

IMPACTS ON THE CANADIAN LABOUR MARKET

The questions in this section are to be completed by all employers. The response to these questions will assist the Program to determine the impact the employment of temporary foreign workers will have on the Canadian labour market.

For the purpose of the Program:

Offshoring - is the relocation by a company of a business process from Canada to another country. This would include an operational process, such as manufacturing, or supporting processes (e.g. accounting or IT services). More recently, offshoring has been associated with technical and administrative services supporting domestic and global operations from outside Canada.

Outsourcing - is the contracting out of a Canadian business process to a foreign or Canadian third party organization resulting in the entry of Temporary Foreign Workers into Canada.

1. Will the entry of these TFWs lead to job losses, now or in the foreseeable future, for Canadians/permanent residents as a result of lay-offs, outsourcing, offshoring or other factors related to utilizing TFWs?

☐ No

☐ Yes If yes, provide a summary of the impact of hiring these TFWs, on your workforce (e.g. lay-offs, relocations) and the Canadian workforce more generally

2. Is this job offer related to an activity, contract or a subcontract that will facilitate outsourcing or offshoring?

☐ No If no, go to the next section

☐ Yes If yes, you must:
- complete the following questions (a to c) and
- have each employer with whom you have a contractual arrangement to provide services, complete a separate **Schedule B – Impacts on the Canadian Labour Market.**

a.) Provide a summary of the contractual arrangement between the employer of record and the company receiving services including (but not limited to) information on: the purpose and scope of the project, the project timelines, the expertise required, and the number of Canadians and permanent residents working on the project.

b.) Provide details on how Canadians/permanent residents with whom you have a contractual arrangement for services will be positively and/or negatively affected by this arrangement? (e.g. lay-offs, relocation, displacement, promotions, restructuring, transfer of skills and/or knowledge).

c.) As part of this contractual arrangement, have you hired any foreign nationals through any work permit-exempt or Labour Market Impact Assessment-exempt processing stream?

☐ No

☐ Yes If yes, complete the following two questions (i) and (ii.)

c-i) Provide details on efforts in the past two years to hire and/or train Canadians/permanent residents for positions where a foreign national has entered under a work permit-exemption or Labour Market Impact Assessment-exemption.

c-ii) Provide a summary of the impact of hiring these foreign nationals on Canadians/permanent resident workers within the company receiving services under this contractual arrangement (e.g. lay-offs, relocation).

FILM AND ENTERTAINMENT REQUEST ONLY

1. Name of the production:	2. Total number of people involved in the production:

3. Type of Production:

4. A copy of the contract between the employer and the foreign entertainer must be included with this application form, except for film and TV requests.

Is the contract included with application? Yes No If no, please explain:

TEMPORARY FOREIGN WORKER INFORMATION

If you are hiring more than one TFW, use separate sheets to identify each worker coming to work for you in Canada.
If the TFW information is not available, leave this section blank.

Note:
After the positive LMIA letter and annexes have been issued, six months will be allocated to the:

- employer to provide ESDC/Service Canada with the names of the TFWs; and
- TFWs to submit an application for a work permit to Citizenship and Immigration Canada.

1. Surname (family name) as shown on the passport:	2. Given name(s) as shown on the passport:
3. Gender: ☐ Male ☐ Female	4. Date of Birth (YYYY–MM–DD):
5. Location of residence outside Canada: City: Country:	6. Citizenship(s):

7. If the TFW is currently in Canada, please indicate his/her location (city and province) and immigration status:

City: _____ Province: _____

Status: ☐ Temporary Foreign Worker (Foreign Live-in Caregiver) ☐ Temporary Foreign Worker ☐ Visitor ☐ Student ☐ Refugee Claimant

DECLARATION OF EMPLOYER

I am an unincorporated employer, sole proprietor or partnership. ☐ Yes ☐ No

If you answered "YES" to the above:

I understand that some provinces and territories operate, pursuant to agreements with the federal Department of Citizenship and Immigration, Provincial Nominee Programs. I hereby consent to ESDC providing the personal information contained in this request for a Labour Market Impact Assessment to the provincial/territorial government(s) of the province(s) or territory(ies) where I carry on business to be used by the province(s) or territory(ies) for the administration of their Provincial Nominee Programs.	☐ Yes ☐ No

Employers must check each box to declare that they comply (or will comply) with the statements below :

☐ I certify that I am an employer who does not, on a regular basis, offer strip tease, erotic dance, escort services or erotic massages. I understand that any LMIA application from an employer, who offers these services on a regular basis, will not be processed.

☐ I certify that I am actively engaged in the business in respect of which the offer of employment is made and understand that I must remain so during the period of employment for which the work permit is issued to the TFW(s).

☐ I certify that the offer is consistent with my reasonable employment needs

☐ I certify that I am reasonably able to fulfill the terms of the employment offer

☐ I certify that I am compliant with, and will comply with the federal/provincial/territorial laws that regulate employment and the recruitment of employees, in the province/territory in which it is intended that the TFWs work and, if applicable, with the terms and conditions of any collective agreement.

☐ I certify that all recruitment done, or that may be done on my behalf, by a third-party was, and will be, in compliance with federal/provincial/territorial laws governing recruitment. I acknowledge and understand that I will be held accountable for the actions of any third-party recruiting TFWs on my behalf.

☐ I certify that I am aware of the published recruitment and advertising requirements of the Temporary Foreign Worker Program. I am, and will continue to be, compliant with these requirements and I can provide proof upon request.

☐ I certify that the employment of a foreign worker will not adversely affect the settlement of any labour dispute in progress or the employment of any person involved in the dispute, should there be an ongoing or pending labour dispute at my business. I will inform Service Canada in the case one should develop.

☐ I will comply with the prevailing wage requirements and I agree to review and adjust, when applicable, the TFWs wages, at least annually, to ensure he/she continues to receive the prevailing wage for the occupation and region where he/she is employed.

☐ I certify that I will make reasonable efforts to provide a workplace that is free of abuse which includes physical, sexual, psychological or financial abuse.

☐ I certify that I will provide theTFWs with employment in the same occupation as that set out in the TFWs offer of employment and with wages and working conditions that are substantially the same as — but not less favourable than — those set out in the LMIA letter and annex A.

☐ I agree that I will not recover any costs, directly or indirectly, associated with seeking an LMIA from any TFW(s).

☐ I acknowledge and understand that for a period of six years from the first day of employment of theTFW(s), I may be subject to an inspection and I will retain any documents that relate to the LMIA application and the terms and conditions of the LMIA letter and annexes.

☐ If required, I will give all reasonable assistance to the officer conducting the inspection. I will attend interviews and on-site inspections, answer questions, provide information and documentation that relate to the conditions I have agreed to, pertaining to the LMIA letter and annexes.

☐ I understand that should an on-site inspection be required for verification of compliance with the conditions stated on the LMIA letter and annexes, the inspections may take place at any premises or location where the TFW(s) perform(s) work and any premises or place that the employer has provided to the TFW(s) as accommodations. In the case of private dwellings, employer consent or a warrant will be required.

☐ I will provide Service Canada with the names of the TFW(s) I intend to employ within six months from the date on the LMIA letter.

☐ I declare that the employment of the TFW(s) is likely to have a positive or neutral effect on the Canadian labour market and will not lead to job loss or reduction in work hours for any Canadian or permanent resident during the period of employment for which the work permit is issued.

☐ I agree to pay the total fee indicated in the Labour Market Impact Assessment Application - Processing Fee Payment section , either by credit card or certified cheque/money order. I also acknowledge that if I do not submit my payment, my LMIA application will not be processed. This attestation and the requirement to pay the processing fee are NOT applicable to employers who meet the definition of on-farm primary agriculture and are hiring TFWs in the following NOC codes 8251, 8252, 8253, 8254, 8256, 8431, 8432 and 8611.

Employers hiring TFWs in low-wage positions must check the following boxes to declare that they comply (or will comply) with the statements below.

☐ I have signed and enclosed a copy of the employment contract related to the job offer referred to in this LMIA application. I certify that this offer of employment meets all Program requirements. The terms and conditions in the offer, including the wages, working conditions, job duties and any benefits are (or will be adjusted to be) the same as those that will be described in the LMIA letter and annexes.

☐ I will retain a copy of the contract, related to the offer of employment, signed by all parties. I understand and agree that ESDC may request a copy during an employer compliance review or an inspection.

☐ I will pay all transportation costs for the TFW(s) to travel from their country of residence to the location of work in Canada and for the return transportation to their country of residence. If the TFW is already in Canada, I will pay all transportation costs from their residence in Canada to the location of work in Canada, and for the return transportation to their country of residence. I will not recover, directly or indirectly, any of these costs from any TFW(s).

☐ I will arrange and pay for private health insurance for the TFW(s), which is similar to provincial/territorial health care coverage, until he/she is eligible for provincial/territorial health care insurance coverage (where applicable) and will not recover these costs from the TFW.

☐ I am in good standing with the applicable workers' compensation program and I will register the TFW(s) under the appropriate provincial/territorial workers' compensation/workplace safety insurance plans, where available, or purchase, on-the-job injury or illness insurance that provides the TFW(s) with protection similar to the one offered by the applicable provincial/territorial law. I will not recover these costs from the TFW.

Important :

Employers must immediately inform Service Canada of any changes related to the foreign worker's terms and conditions of employment as described in the positive LMIA letter and annex. If Service Canada accepts the employer's changes to the original LMIA, the employers' file will be updated accordingly.

In accordance with the provisions of the Immigration and Refugee Protection Regulations, ESDC may conduct an inspection to verify the employer's compliance with the conditions set out in the positive LMIA letter and annexes. As a result, this inspection could include a review of the employer's file and if Service Canada does not have a copy of the changes, the employer will be held accountable for the information that is on file.

SIGNATURE OF EMPLOYER

The individual signing this form must have authority for either the hiring or financial decisions of the organization (e.g. owner, franchisee, general manager, or senior executive – such as VP Human Resources). For In-home Caregiver positions, employers must be a parent, legal guardian, be the recipient of care or have a valid power of attorney, etc.

I have read and I understand the Personal Information Collection Statement found at the beginning of this application. I declare that the information provided in this Labour Market Impact Assessment is true, accurate and complete.

Signature of Employer	Printed Name of Employer
Title of Employer	Date (YYYY-MM-DD)

A person, who contravenes a provision set out under sections 126 or 127 of the Immigration and Refugee Protection Act (misrepresentation), could be liable to a fine or to imprisonment, or to both. Also, providing inaccurate information, in the context of this application, may lead to an administrative penalty such as being ineligible to access the Program for a period of two years.

DOCUMENTATION REQUIRED

New employers hiring a TFW must always submit one document which supports their active engagement in the business. Returning applicants to the Program are not required to re-submit any documentation. However, ESDC/Service Canada may request employers submit additional documents when they are applying for a new LMIA. Employers, who provide documents that are not requested, may find that this slows down the processing of their application.

If a required document is not attached, please explain:

Proof of recruitment (e.g. copy of advertisement and information to support where, when and for how long the position was advertised)

Business registration or legal incorporation documents (if first LMIA application) Does not apply to employers of In-home Caregivers.

Municipal/provincial/territorial business license (where applicable and if first LMIA application) Does not apply to employers of In-home Caregivers.

Canada Revenue Agency:

- T2 Schedule 100 Balance Sheet Information (for corporations only – 2 most recent returns filed)
- T2 Schedule 125 Income Statement Information (for corporations only – 2 most recent returns filed)

Only required if this is the employer's first LMIA application. Does not apply to film and entertainment or employers of In-home caregivers.

Attestation by a lawyer, notary public or chartered accountant confirming that the business exists and the main activity of the business. (for sole proprietorship/ partnership)

Letter from a legal business confirming the existence of a contract for a good and/or service with the employer applying for an LMIA. Does not apply to employers of In-home Caregivers.

Provincial/territorial workplace safety and insurance (e.g. workers compensation board) clearance letter/certificate if applicable. Does not apply to businesses which currently do not have at least one employee.

Commercial lease agreement (where applicable and if first LMIA) Does not apply to employers of In-home Caregivers.

Film and Entertainment – copy of employment contract (except film and TV)

Provincial documentation requirements (for the provinces noted below):

ALBERTA - Employment Agency Business Licence (*Alberta's Fair Trading Act*) if applicable
BRITISH COLUMBIA - Employment Agency License (*British Columbia's Employment Standards Act*) if applicable
MANITOBA - Certificate of Registration (*Manitoba's Worker Recruitment and Protection Act*)
NOVA SCOTIA - Employer Registration Certificate *(Labour Standards Code)*
SASKATCHEWAN – Employer Registration Certificate (The Foreign Worker Recruitment and Immigration Services Act) (no documentation required, however employers must be registered).

Note:
In some cases the province may not provide a physical document but rather post the names of registered/certified employers on a website.

Send Application and all Supporting Documentation:

Employers must sign, and send the completed application and all required documentation to the Service Canada Centre responsible for processing applications in their area. A list of LMIA Processing centres is available on the ESDC website:
www.esdc.gc.ca/eng/jobs/foreign_workers/scc.shtml

Employers hiring In-home caregivers must send the completed application and all required documentation to the Service Canada Centre, in Ontario, responsible for processing In-home caregiver applications: www.esdc.gc.ca/eng/jobs/foreign_workers/scc.shtml#lcp

All employers requiring assistance can contact:
1-800-367-5693 (toll-free) from within Canada and the United States
506-546-7569 from outside Canada and the United States

Note:
A complete application means that employers have:

- filled out all of the fields in all of the necessary forms;
- included all of the required documentation;
- signed the forms where required; and
- submitted the fee payment with the application, if applicable

If an application is submitted and it is not complete, Service Canada staff will inform the employer that the application will not be processed. Incomplete applications and supporting documents submitted with the application will not be retained or returned to the employer. As a result, employers are advised to submit copies, not original documents.

Please complete the Labour Market Impact Assessment - Processing Fee Payment Form Printed on next page

Employment and Social Development Canada / Emploi et Développement social Canada

PROTECTED WHEN COMPLETED - B

For office use only

LABOUR MARKET IMPACT ASSESSMENT - PROCESSING FEE PAYMENT FORM
TEMPORARY FOREIGN WORKER PROGRAM

Employers must pay a processing fee for each position requested, except applications that involve on-farm primary agriculture occupations such farm managers/supervisors and specialized livestock workers and general farm workers, nursery and greenhouse workers and harvesting labourers (specifically NOC codes 8251, 8252, 8253, 8254, 8256, 8431, 8432 and 8611), and those solely to support a foreign national's immigration application.

The total processing fee must be paid before the employer's LMIA application can be processed.

Step 1 – Complete employer information section:

Employer Business Name:	
Canada Revenue Agency Business Number: *(First 9 digits are mandatory for Canadian employers)*	

Step 2 – Calculate totallabour market impact assessment processing fee in Canadian dollars:

Number of positions requested _____ X $1,000 = TOTAL processing fee payment of $ CAD _____

Step 3 – Select method of payment:

☐ Certified cheque or money order (postal or bank) made payable to the Receiver General for Canada

☐ Credit card (Visa, MasterCard, American Express)

For payment by credit card, complete and sign this section

CREDIT CARD INFORMATION AND PAYMENT AUTHORIZATION

Name of cardholder (as it appears on the credit card):	Employer primary contact name:
Credit card type: ☐ Visa ☐ MasterCard ☐ American Express	Last 4 digits of credit card:

AUTHORIZATION:

I authorize ESDC/Service Canada in the name of the Receiver General for Canada to charge _____ $ CAD to my credit card

This is permission for a single transaction, and does not provide authorization for any additional charges.

Signature of cardholder:	Date: YYYY MM DD

NOTE:
Refunds will only be provided if a fee was collected in error (e.g. an incorrect fee amount was processed). There will not be refunds in the event of a negative labour market impact assessment since the fee covers the process to assess an application and not the outcome.

To be destroyed after processing

Credit card number:	Expiry date: MM YYYY
Enter the card security/card verification value code (CVV) (a three or four digit number found on the back or front of the credit card): _____	