

THE ECONOMIC ROLE OF IMMIGRANTS IN THE U.S. ECONOMY

A PRESENTATION TO
NEIGHBORS LINK NETWORK

David Dyssegaard Kallick, Fiscal Policy Institute

Fiscal Policy Institute

Immigration Research Initiative



“Immigrants in Work Force: Study Belies Image”

Immigrants in Work Force: Study Belies Image

By David Mervin

NEW YORK — A new study by the Pew Research Center shows that immigrants in the United States are not the “less-skilled” workers that many people believe them to be. The study found that immigrants are more likely to be in the middle class and are more likely to be employed in high-tech and professional jobs than in low-wage, low-skill jobs.

The study also found that immigrants are more likely to be employed in high-tech and professional jobs than in low-wage, low-skill jobs. This is true for both native-born and foreign-born workers. The study also found that immigrants are more likely to be employed in high-tech and professional jobs than in low-wage, low-skill jobs.

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WORKING FOR A BETTER LIFE

- New York is home to immigrants from around the world
- Immigrants contribute to economic growth
- Immigrants support neighborhood revitalization
- Immigrants are an integral part of New York State
- Immigrants strive to join the middle class
- Immigrants work at all kinds of jobs

A Profile of Immigrants in the New York State Economy

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IMMIGRANTS AND THE ECONOMY

Contribution of Immigrant Workers to the Country's 25 Largest Metropolitan Areas

THE CHANGING PROFILE OF LONG ISLAND'S ECONOMY

- Long Island immigrants work in a wide range of jobs
- Immigrants are part of Long Island economic growth
- Are U.S.-born workers displaced by immigrants?
- Education levels are up for all Long Island workers
- What causes wage stagnation, and what is the role of immigrants?
- A balanced look at the benefits and problems associated with immigration

How U.S.-born Workers Have Fared as Immigration Has Grown

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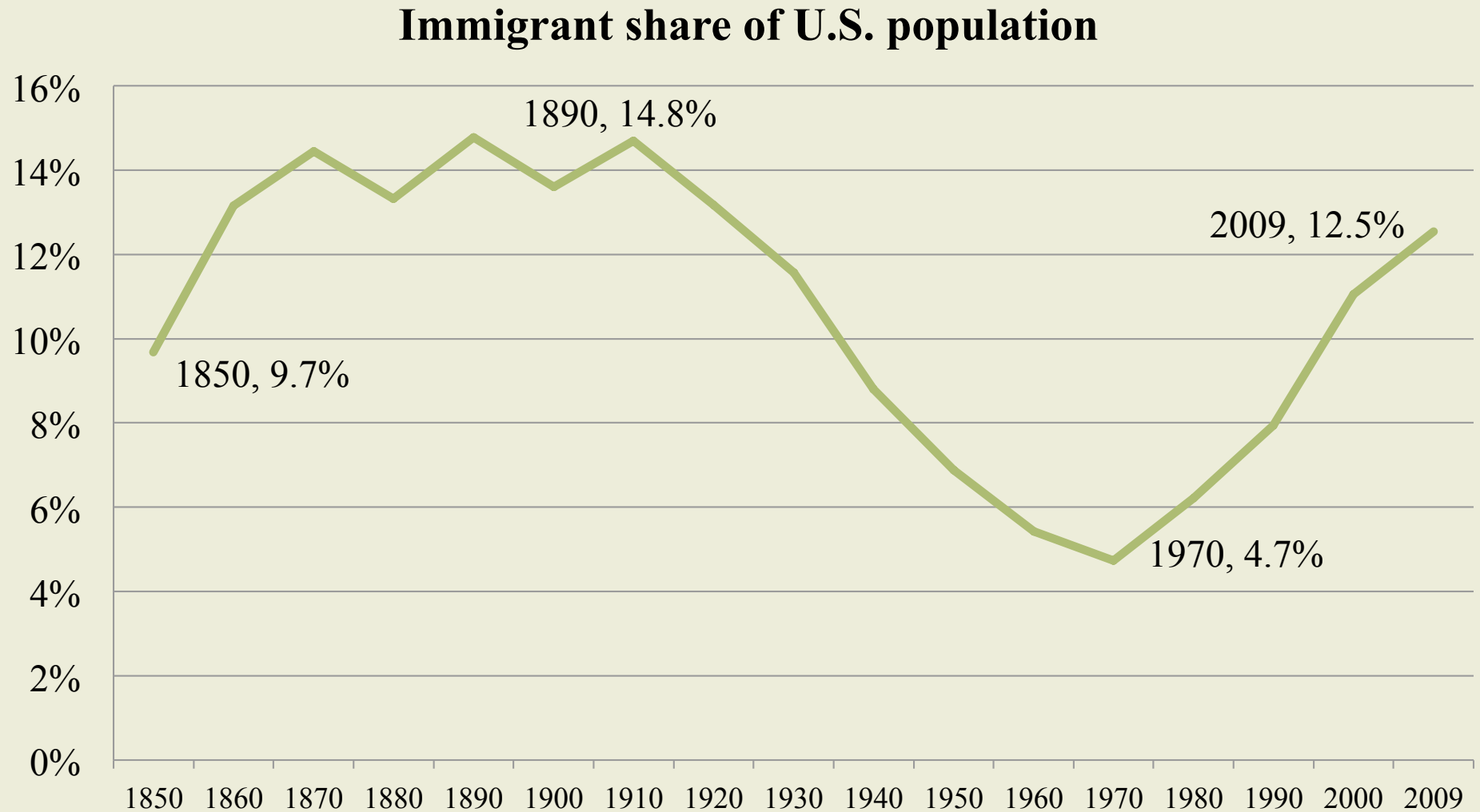
1.

The national picture

Immigration and economic growth are closely tied



Where we are in the history of American immigration



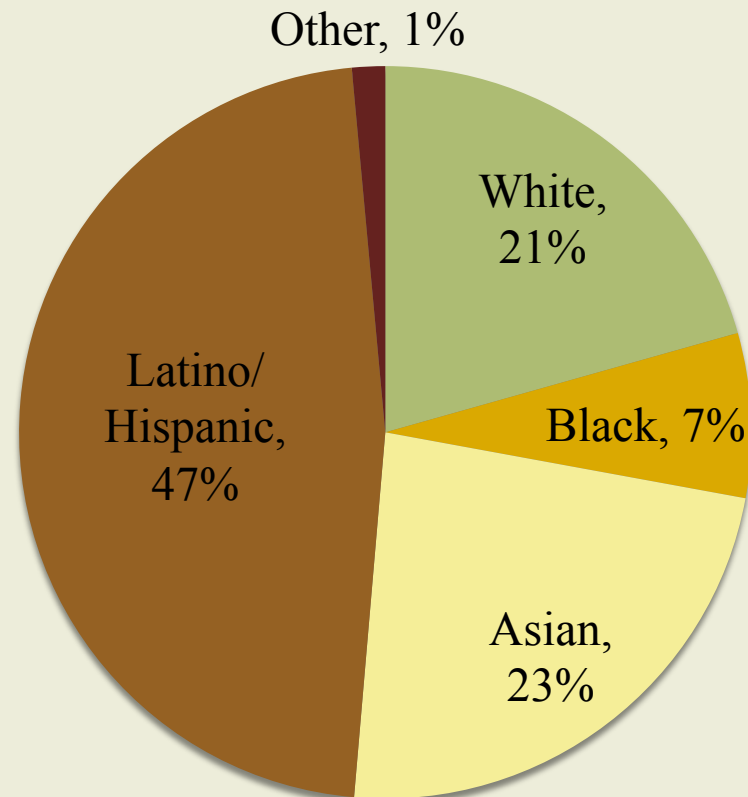
Source: Census historical files, 2000 Census, 2009 ACS.

Who are immigrants in the U.S.?

Top 15 countries of origin

Mexico	30%
Philippines	4%
India	4%
China	4%
Vietnam	3%
El Salvador	3%
Korea	3%
Cuba	3%
Canada	2%
Guatemala	2%
Dominican Republic	2%
Jamaica	2%
Germany	2%
Colombia	2%
Haiti	1%
All other	34%

Race/ethnicity of immigrants



Source: FPI analysis of 2009 ACS.

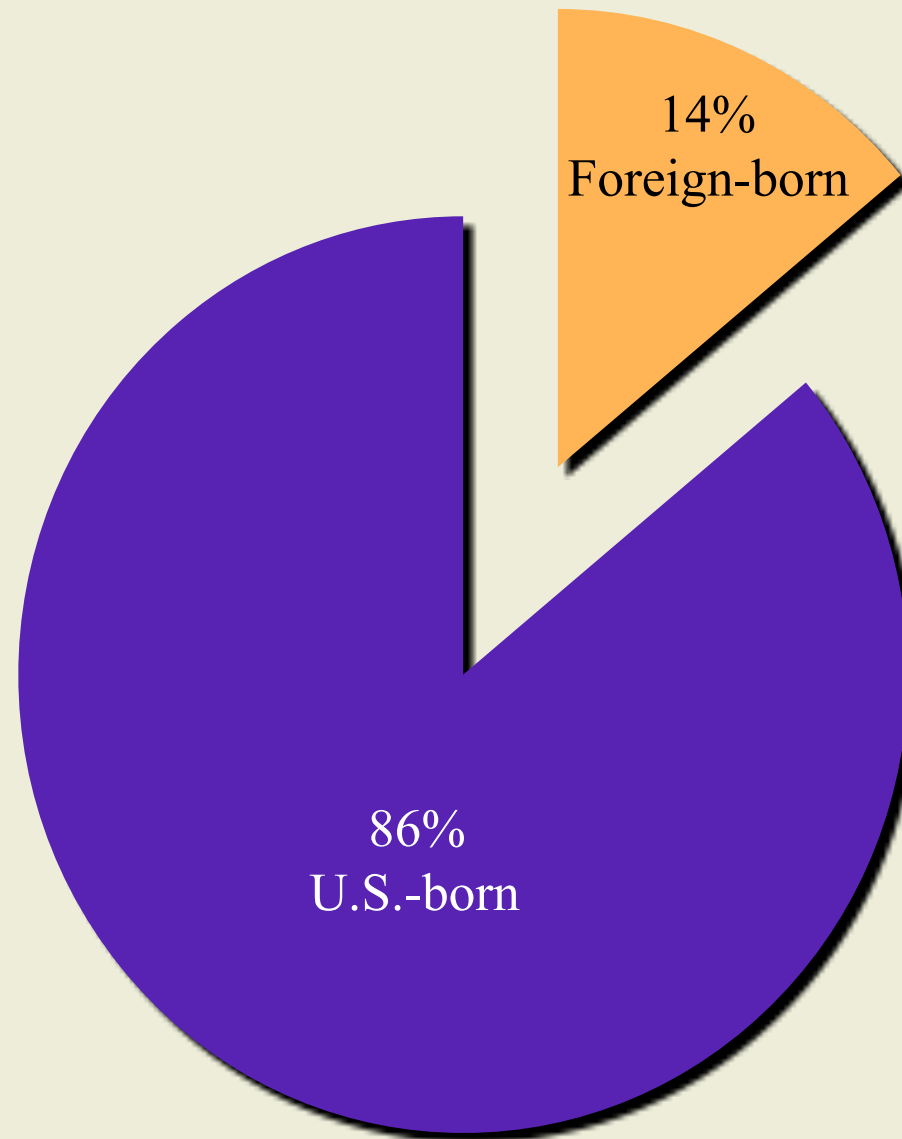
What about undocumented immigrants?

Unauthorized immigrants in the U.S.



Source: Pew Hispanic Center,
Unauthorized Immigrant Population, National and State Trends, 2010

Immigrant contribution represents **14 percent** of the United States **economy**



Source: FPI calculation based on 2005-07 ACS data. See *Immigrants and the Economy* for detailed calculation.

Immigrants are pulling their weight in the economy

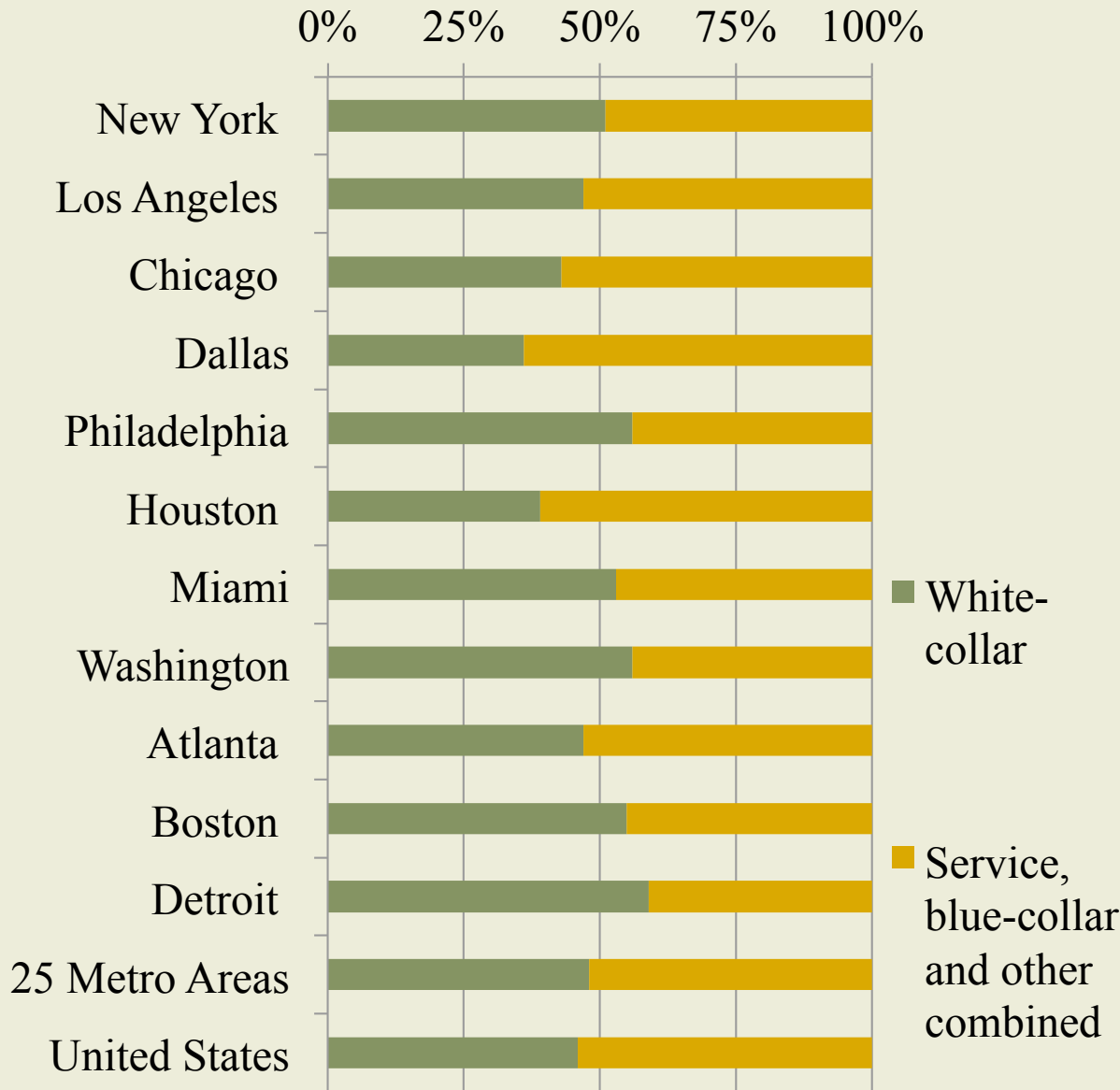
Metro area	Immigrant share of population	Immigrant share of economic output	Immigrant Economic Contribution Ratio
New York	28%	28%	1.00
Los Angeles	35%	34%	1.00
Chicago	18%	18%	1.02
Dallas	18%	16%	0.91
Philadelphia	9%	10%	1.11
Houston	21%	21%	0.99
Miami	37%	38%	1.03
Washington	20%	20%	0.98
Atlanta	13%	13%	1.03
Detroit	9%	11%	1.30
25 metro areas	20%	20%	1.02
United States	12%	14%	1.12

Source: *Immigrants and the Economy*, Fiscal Policy Institute.

How can that be right?

How can that be right?

1. Immigrants work in a wide range of jobs



“Immigrants in Work Force: Study Belies Image”

Obama Alters Hospital Rules For Gay Rights
Seen as Fulfillment of a Campaign Promise

INVESTMENT FIRM AGREES TO SETTLE KICKBACK INQUIRY
FINANCIER IS IMPLICATED

Obama's Ex-Aide Car Could Face Lawsuits in Prison Case

Volcanic Ash Grounds Air Traffic in Northern Europe

Deal Reached to Fix Teacher Discipline Process

Iceland Eruption

At MoMA Show, Some Forget You Should Not Touch the Art

Immigrants in Work Force: Study Belies Image

Benjamin E. Huhns Dies

Adrian Tolk of Minger Agins

European Firms, African Art

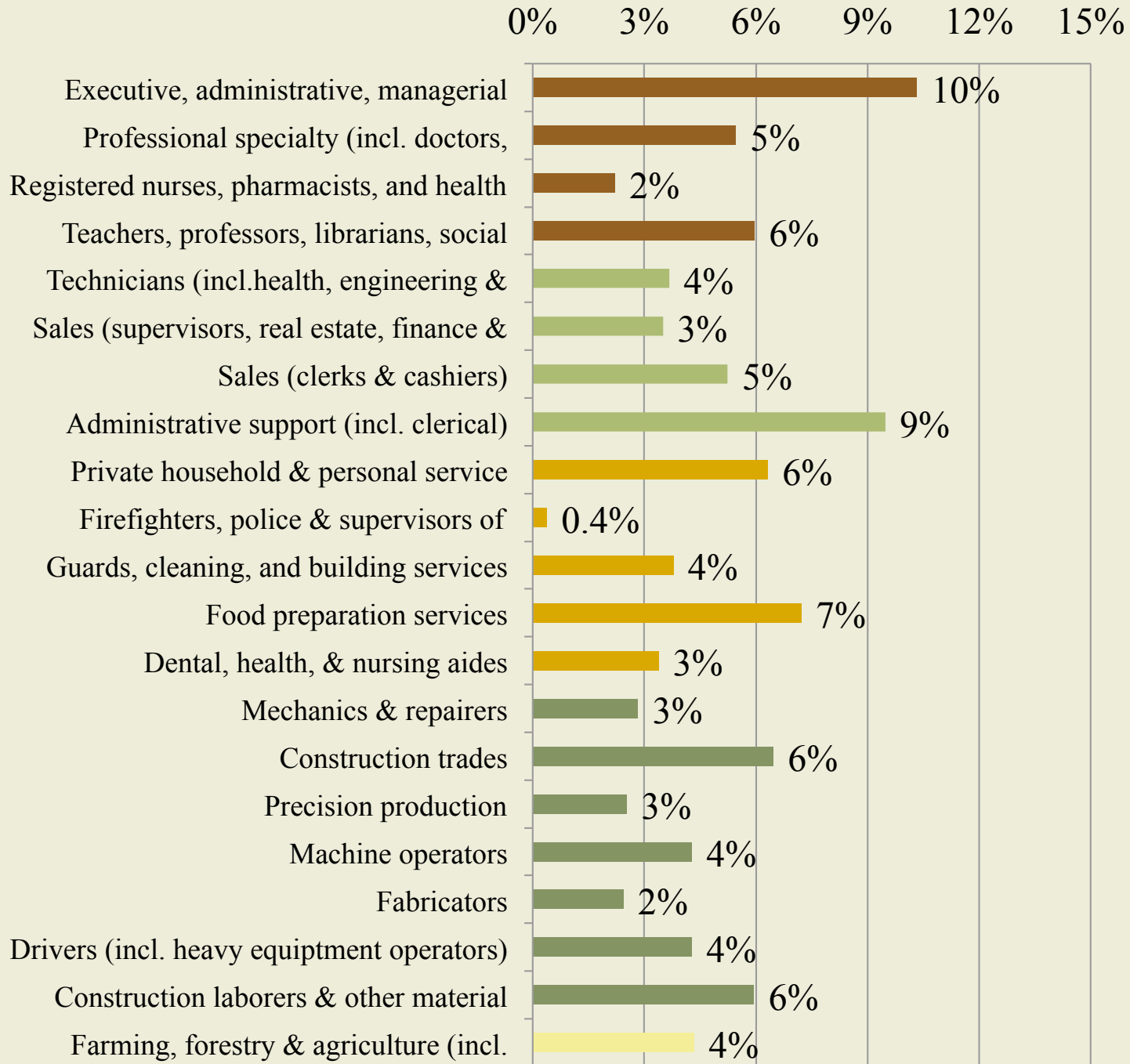
Obama Sets Goals for NASA

Man Shoots Paris Officer

Tommy Kallis Awaits Manager

Old Man Out Synthesizer

Occupations of immigrants in the U.S.



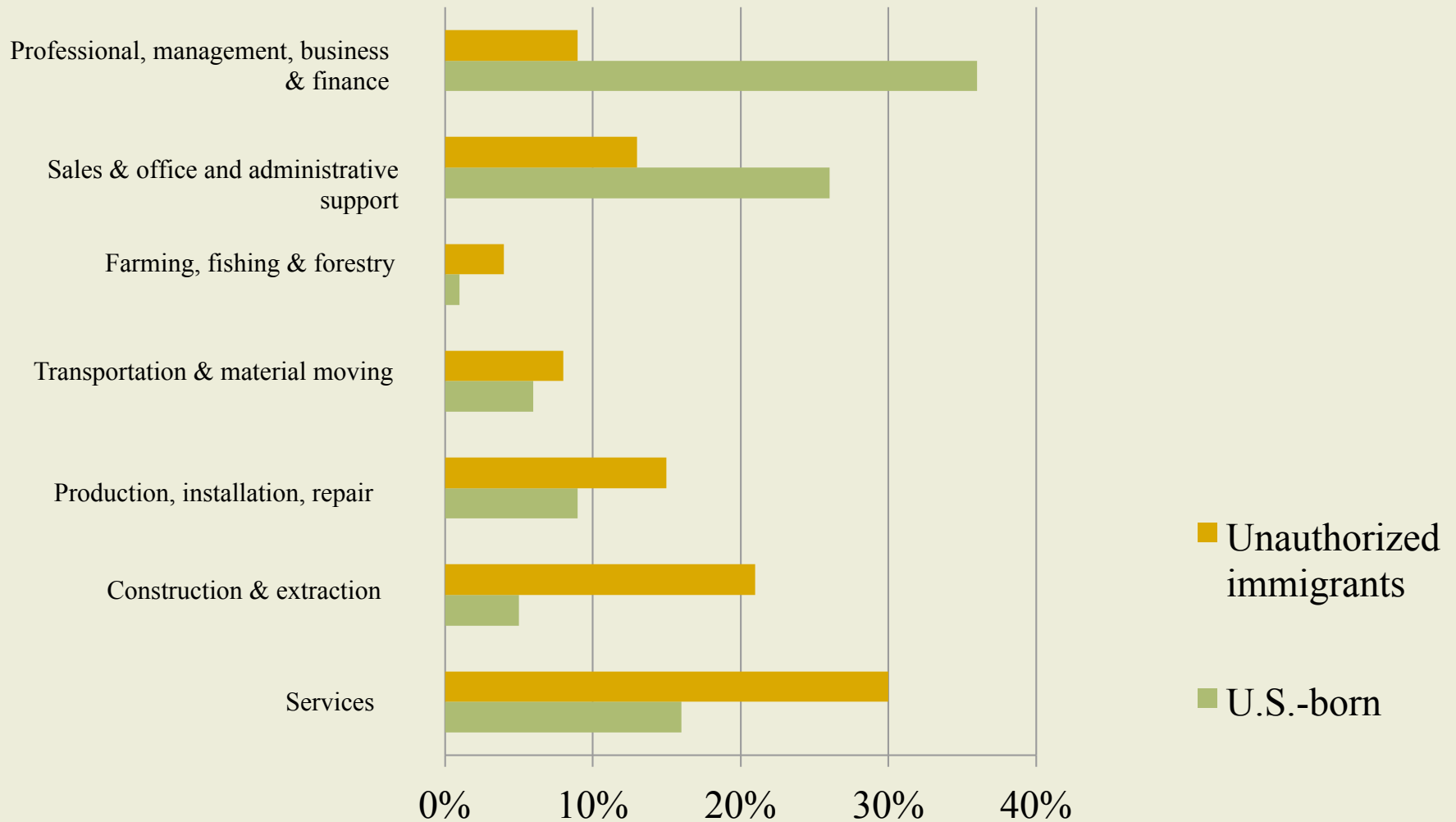
Source: Supplemental materials to *Immigrants and the Economy*, Fiscal Policy Institute. Analysis is based on 2008 ACS.

How can that be right?

2. Immigrants are concentrated in prime working age

	Share of population	Share of labor force	Share of working age population
Immigrants in the United States	12%	15%	16%

Where *undocumented* immigrants work



Source: Pew Hispanic Center,
A Portrait of Unauthorized Immigrants in the United States, April 2009.

Economic growth and immigration are closely connected

From 1990 to 2007

- Metro areas with the **fastest economic growth** also had **very fast growth in immigration**

Phoenix, Denver, Atlanta

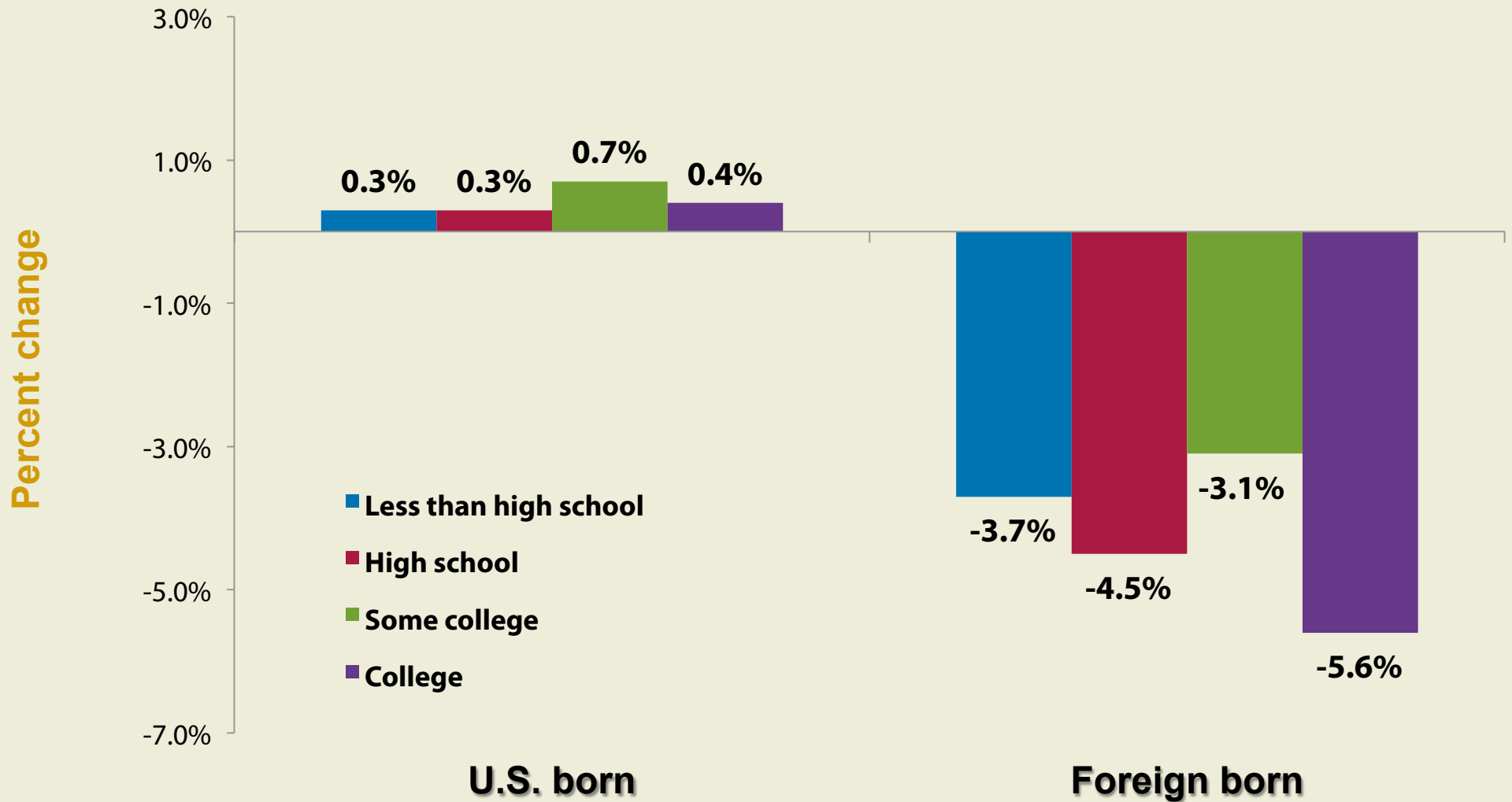
- Metro areas with the **slowest economic growth** had among the **slowest immigration growth**

Cleveland, Pittsburgh, Detroit

What happens to U.S.-born workers as immigrants enter the economy?

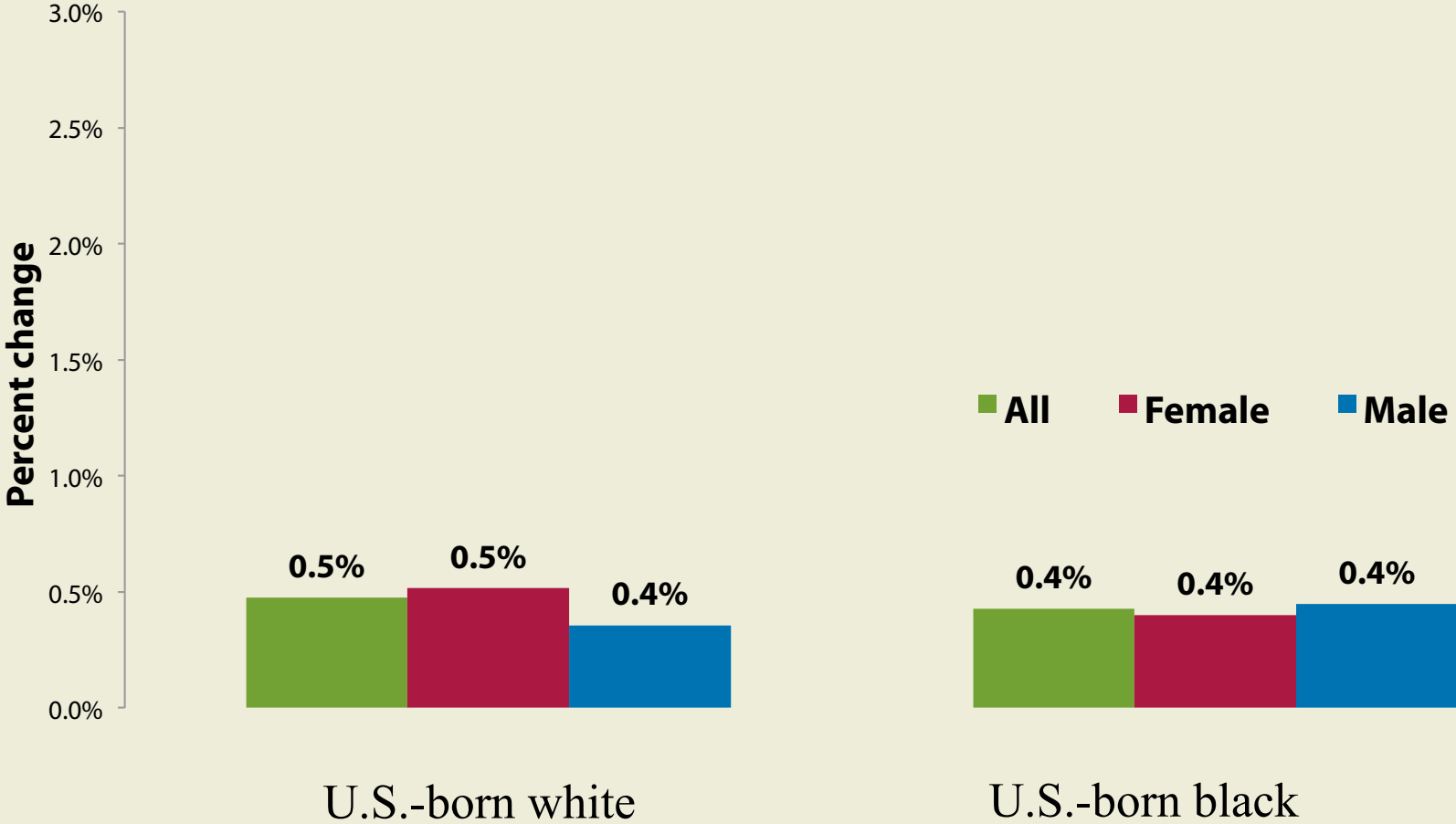
- Overall positive effects on U.S.-born workers
- Tried hard to find negative impacts, and found only very few
- One place where there is a clear negative effect is for *other* immigrants

Relative impact of immigration on weekly wages from 1994 to 2007, by education



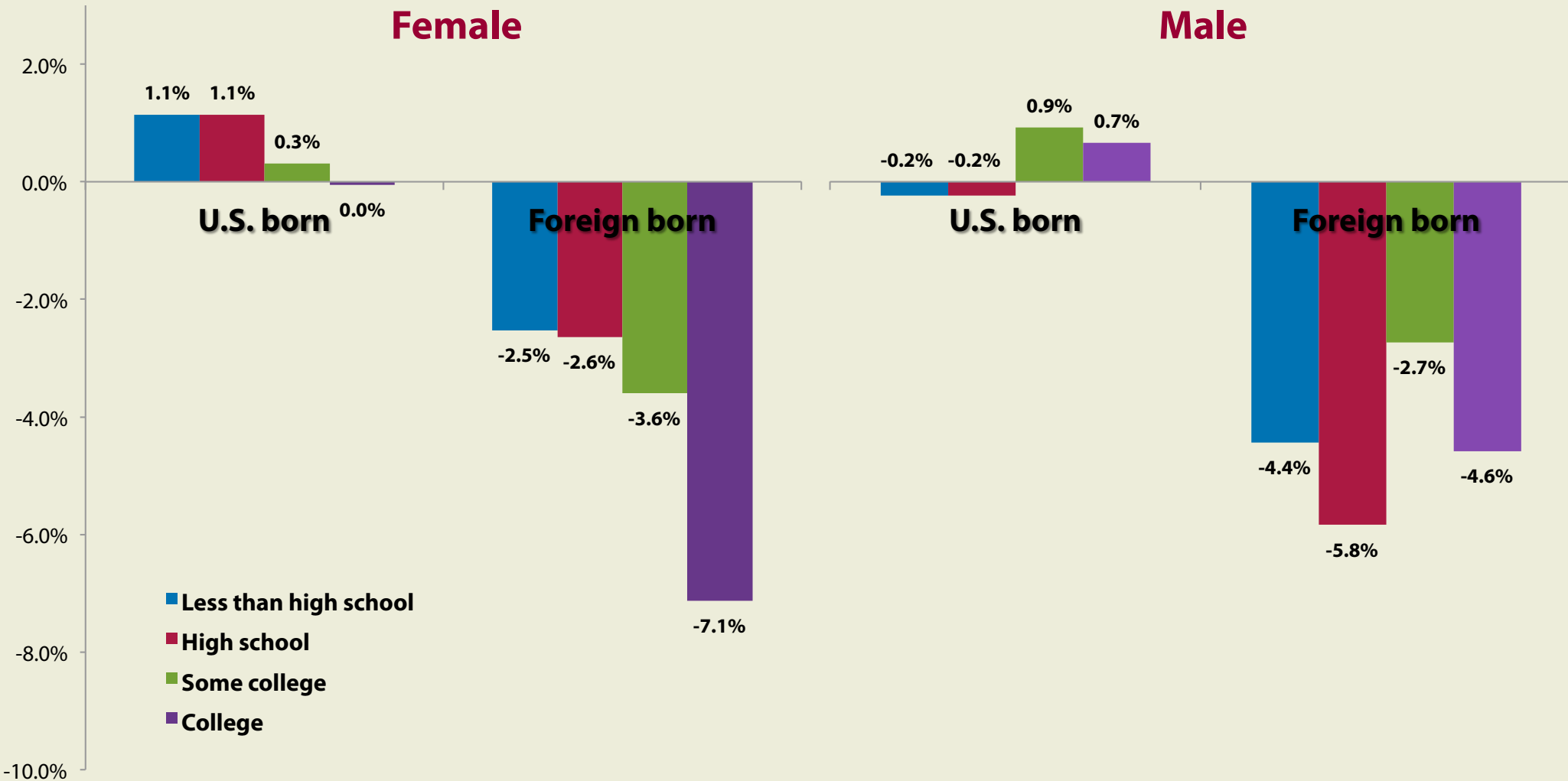
Source: EPI analysis of CPS data.

Aggregate relative impact of immigration on native wages from 1994 to 2007, by gender and race



Source: EPI analysis of CPS data.

Relative impact of immigration on weekly wages from 1994 to 2007, by education and gender



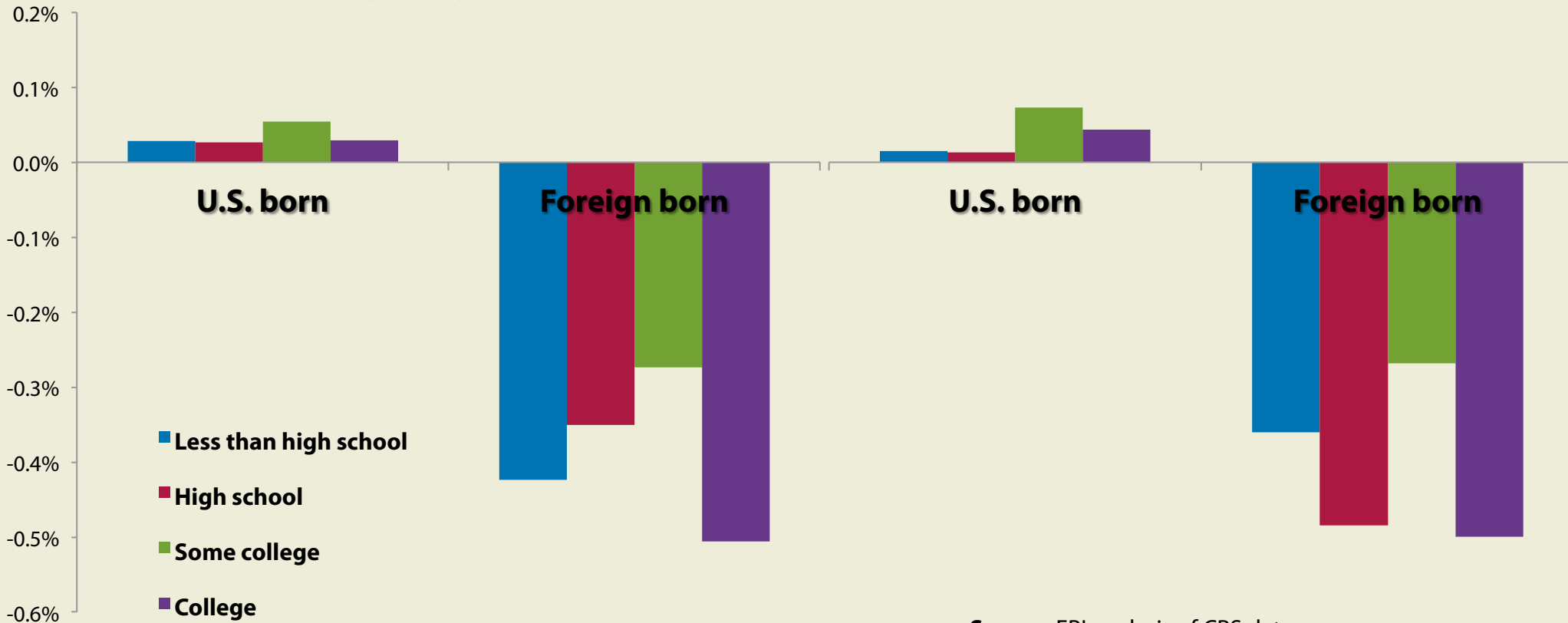
Source: EPI analysis of CPS data.

Relative impact of immigration on weekly wages for periods of different overall labor demand

1993-2000

Female

Male



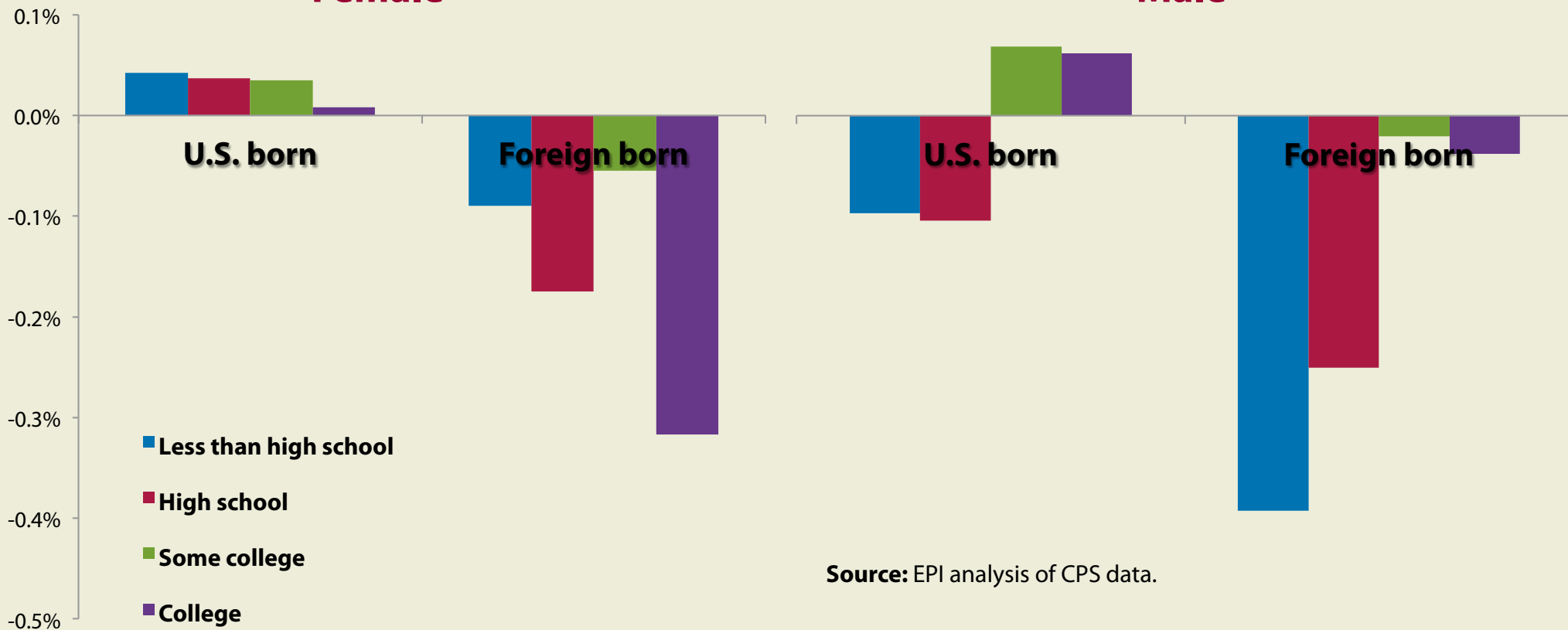
Source: EPI analysis of CPS data.

Relative impact of immigration on weekly wages for periods of different overall labor demand

2000-2003

Female

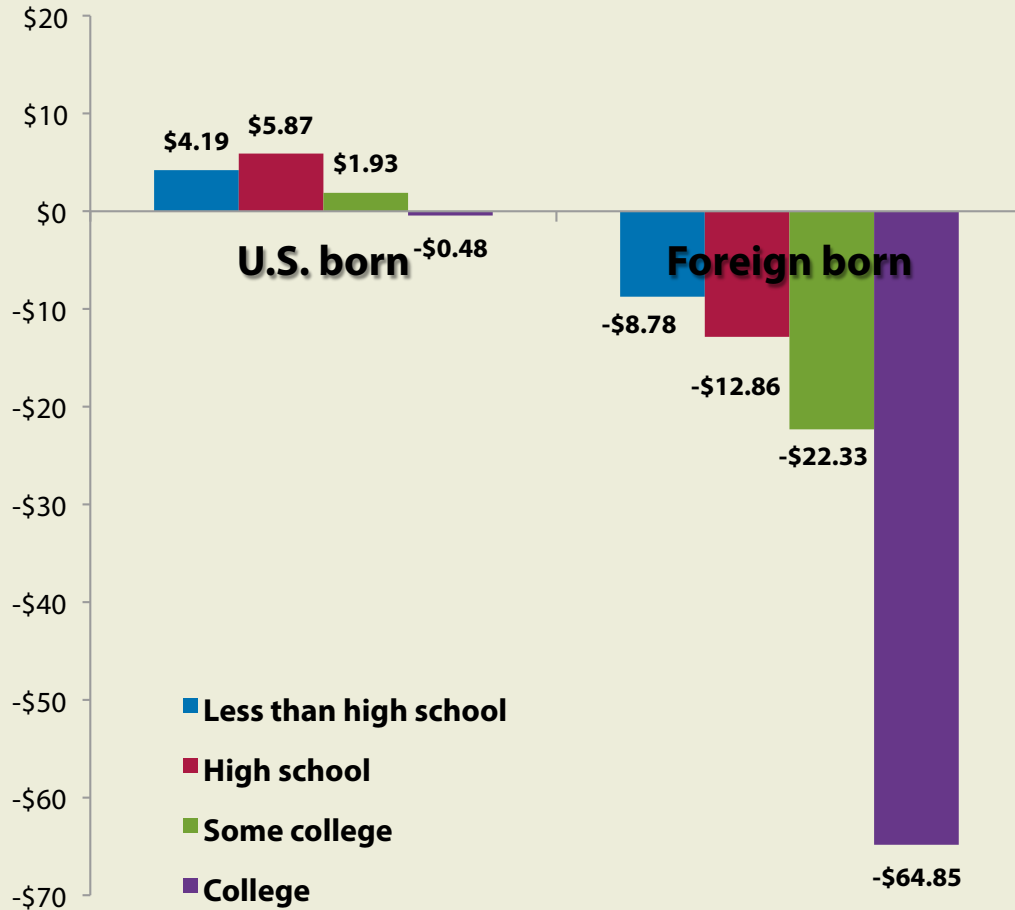
Male



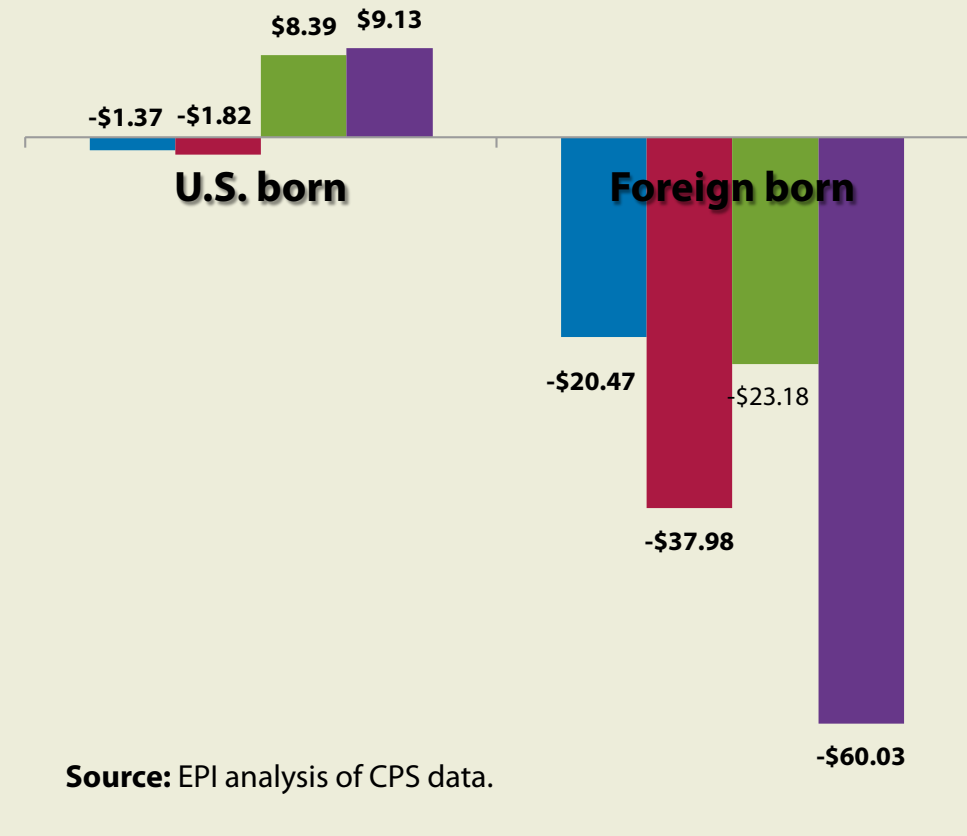
Source: EPI analysis of CPS data.

Relative dollar impact of immigration from 1994 to 2007 on weekly wages

Female

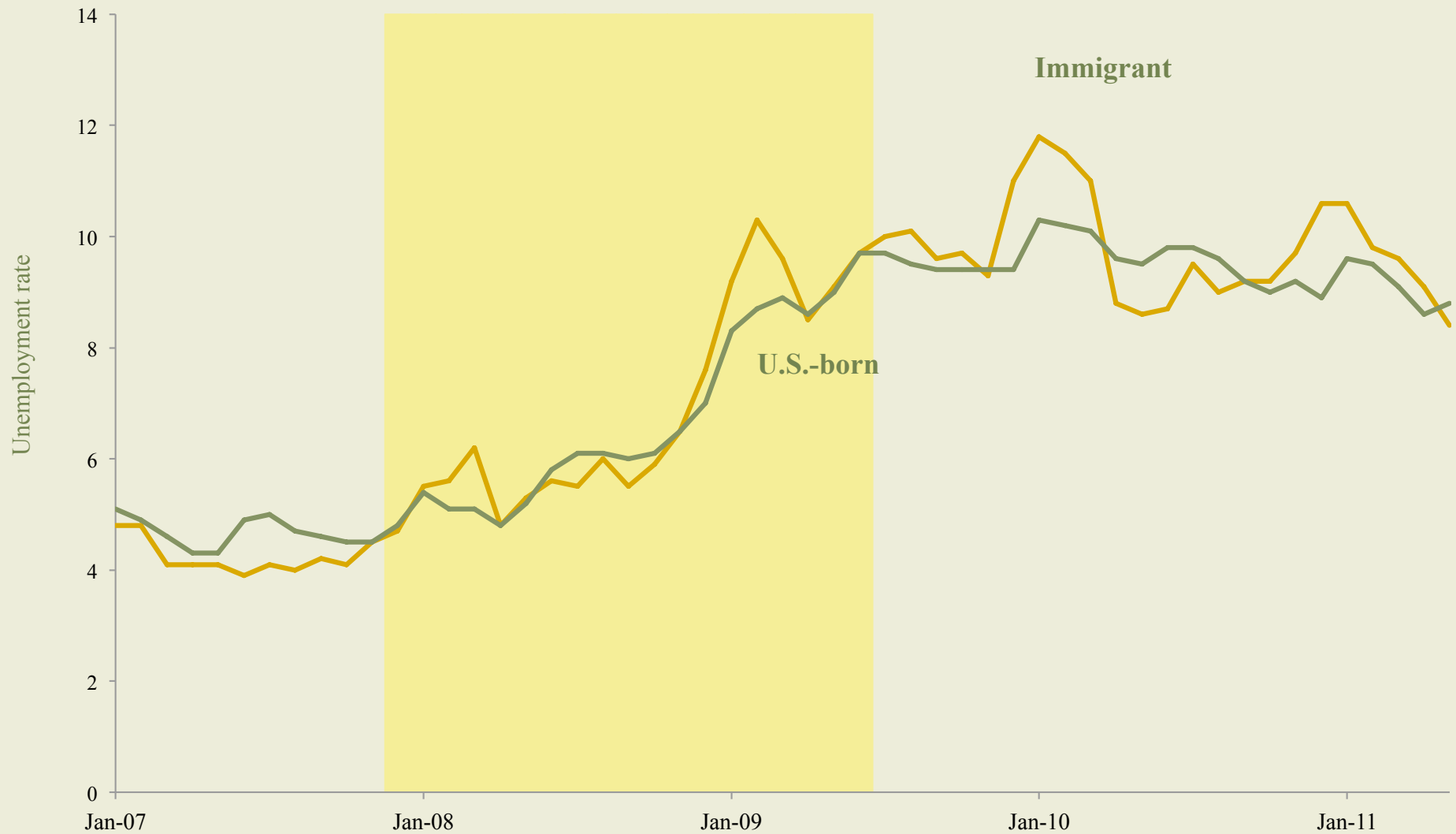


Male



Source: EPI analysis of CPS data.

What about unemployment in the current downturn?





2.

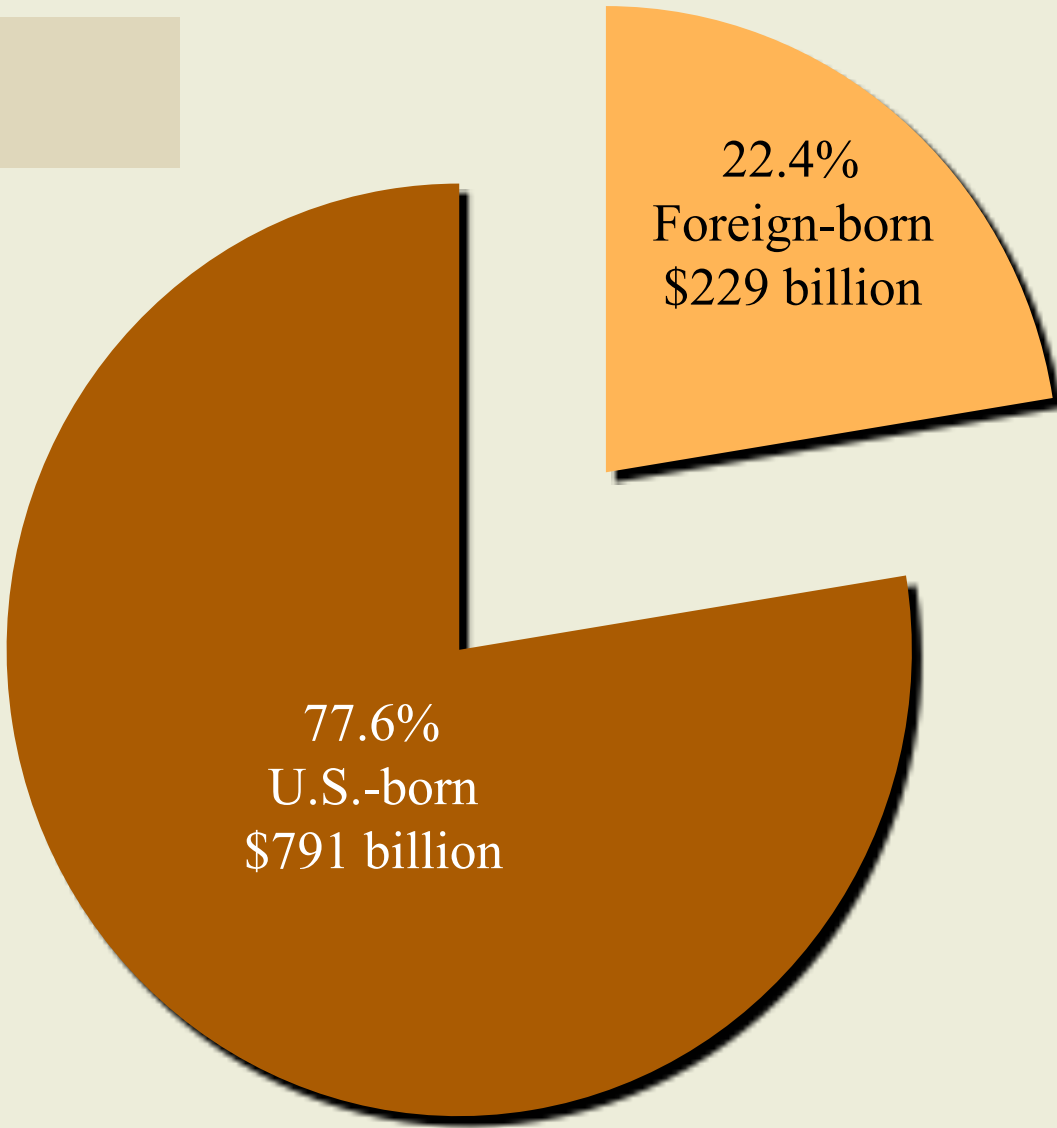
New York City suburbs

Growing, and Growing More Diverse



Immigrant **economic** contribution represents nearly a quarter of the New York State economy

New York State GDP in 2006: \$1.02 trillion

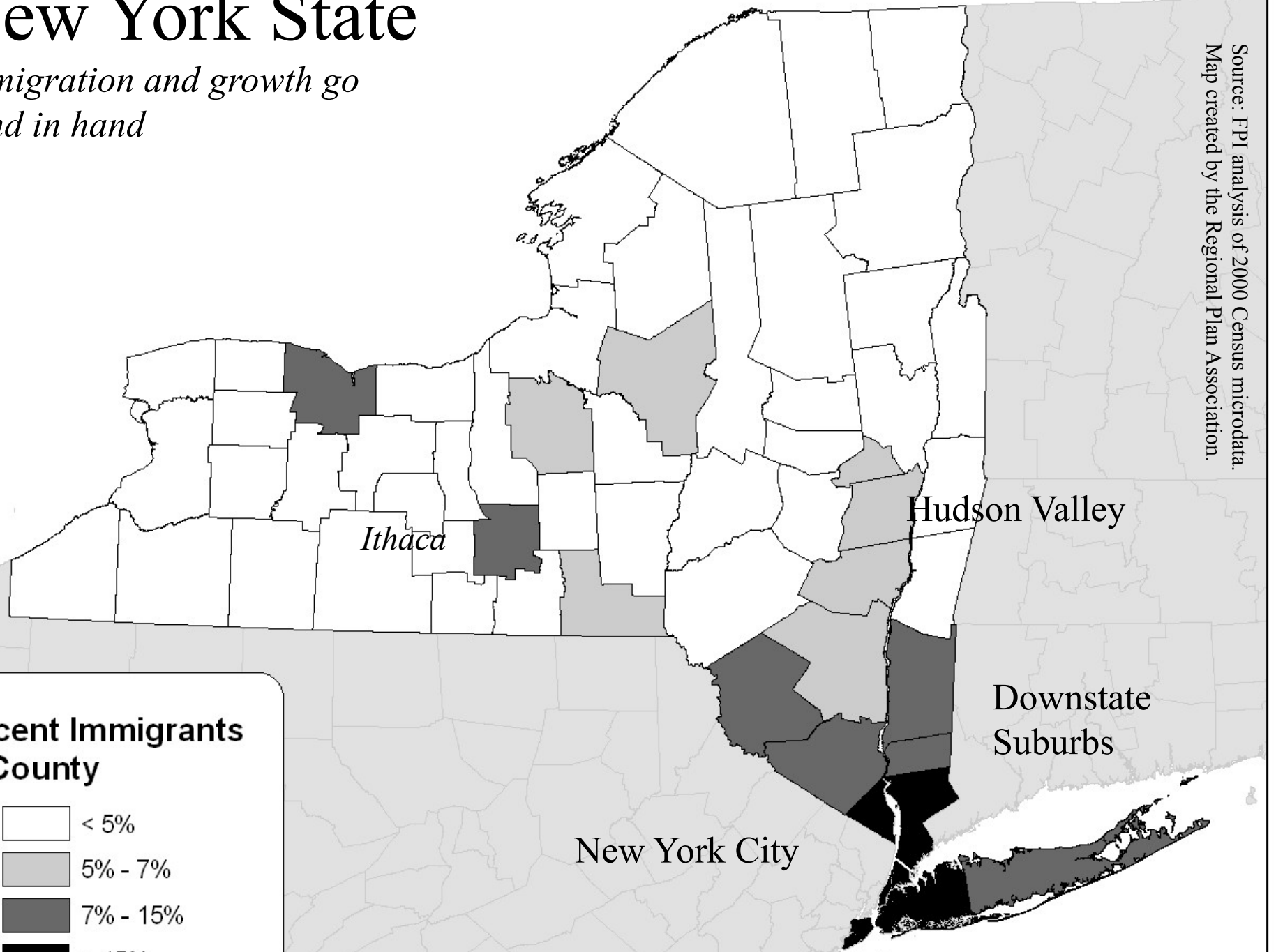


Source: FPI calculation based on Bureau of Economic Analysis estimate of Gross Domestic Product by State and ACS PUMS. See *Working for a Better Life*, Appendix B, for details.

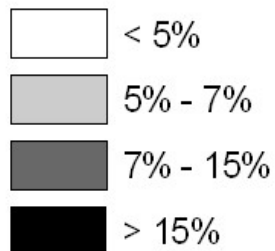
New York State

Immigration and growth go hand in hand

Source: FPI analysis of 2000 Census microdata.
Map created by the Regional Plan Association.



Percent Immigrants by County



0 25 50 Miles



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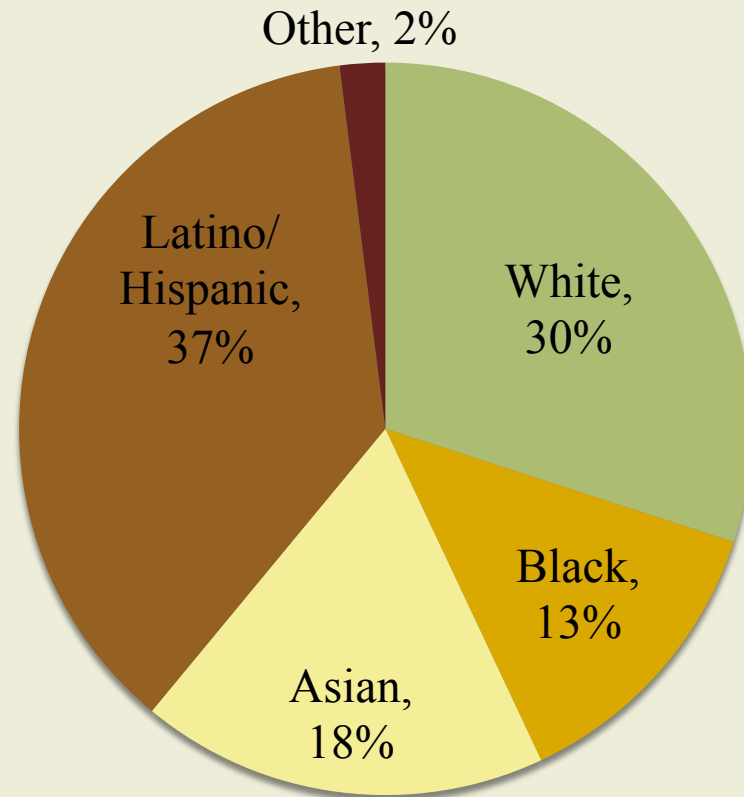


Who are immigrants in the downstate suburbs?

Top 12 countries of origin

El Salvador	8%
Italy	6%
Dominican Republic	5%
India	5%
Jamaica	5%
Mexico	5%
Guatemala	4%
Haiti	4%
Ecuador	3%
Philippines	3%
Peru	3%
Poland	3%
top 12 combined	54%
All others	46%

Race/ethnicity of immigrants



Top countries of birth for immigrants in **Fairfield County**

	Number	share
Guatemala	14,077	8%
Brazil	11,576	6%
Ecuador	10,093	5%
Jamaica	10,057	5%
Haiti	8,793	5%
Mexico	7,846	4%
India	7,842	4%
Poland	7,760	4%
Colombia	6,430	3%
Dominican Republic	6,240	3%
Italy	6,157	3%
Peru	6,045	3%
top 12 combined	102,916	56%
All others	82,493	44%
Total	185,409	100%

*Source: FPI analysis of
2010 ACS.*

Top countries of birth for immigrants in Westchester County

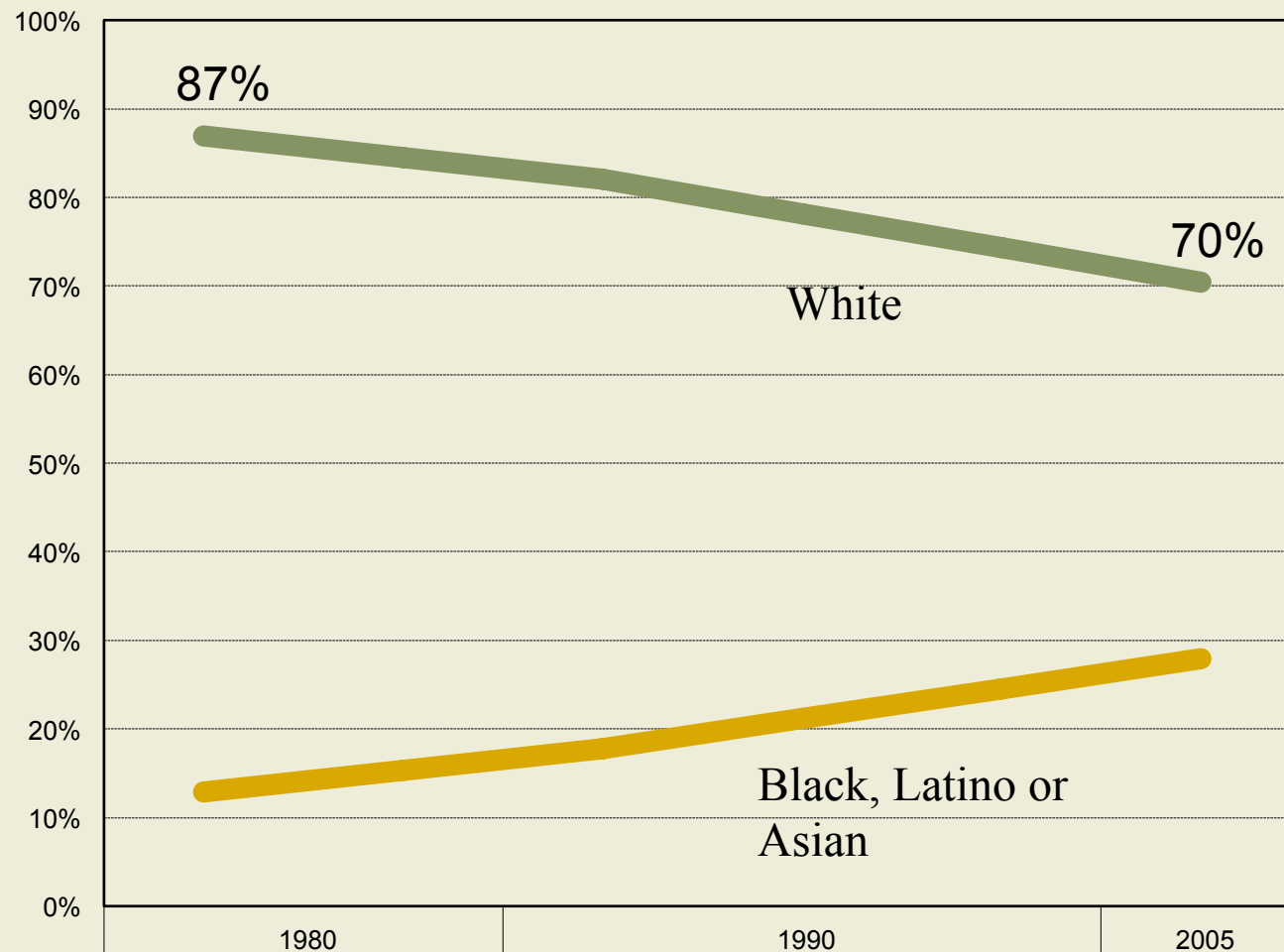
	Number	share
Mexico	27,624	12%
Jamaica	18,383	8%
Ecuador	17,939	8%
Dominican Republic	12,901	5%
India	12,183	5%
Italy	11,347	5%
Colombia	8,169	3%
Peru	7,880	3%
Guatemala	6,488	3%
Japan	5,187	2%
Brazil	5,142	2%
Portugal	4,760	2%
top 12	138,003	58%
All other	101,104	42%
Total	239,107	100%

Source: FPI analysis of
2010 ACS.

Downstate suburbs and Fairfield county

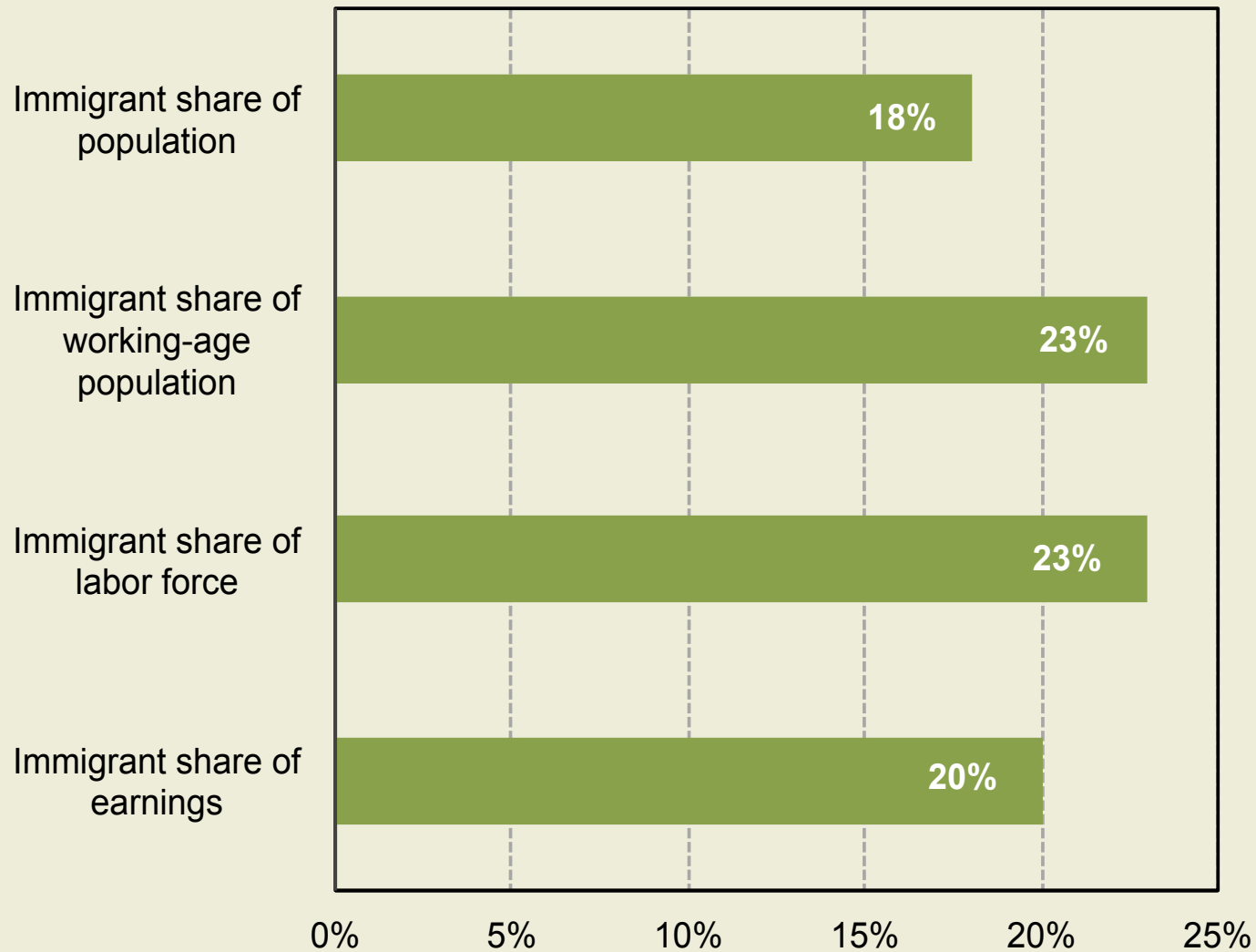
	Foreign-born	Total Population	Percent foreign-born
Westchester	229,908	955,962	24%
Rockland	66,958	300,173	22%
Nassau	266,512	1,357,429	20%
Suffolk	195,268	1,518,475	13%
Putnam	11,968	99,265	12%
Fairfield County	177,767	901,208	20%

Downstate suburbs are growing **more diverse**



Source: Working for a Better Life; FPI analysis of 1980 and 1990 Census, 2005 ACS.

Immigrant contribution to the **downstate suburbs**



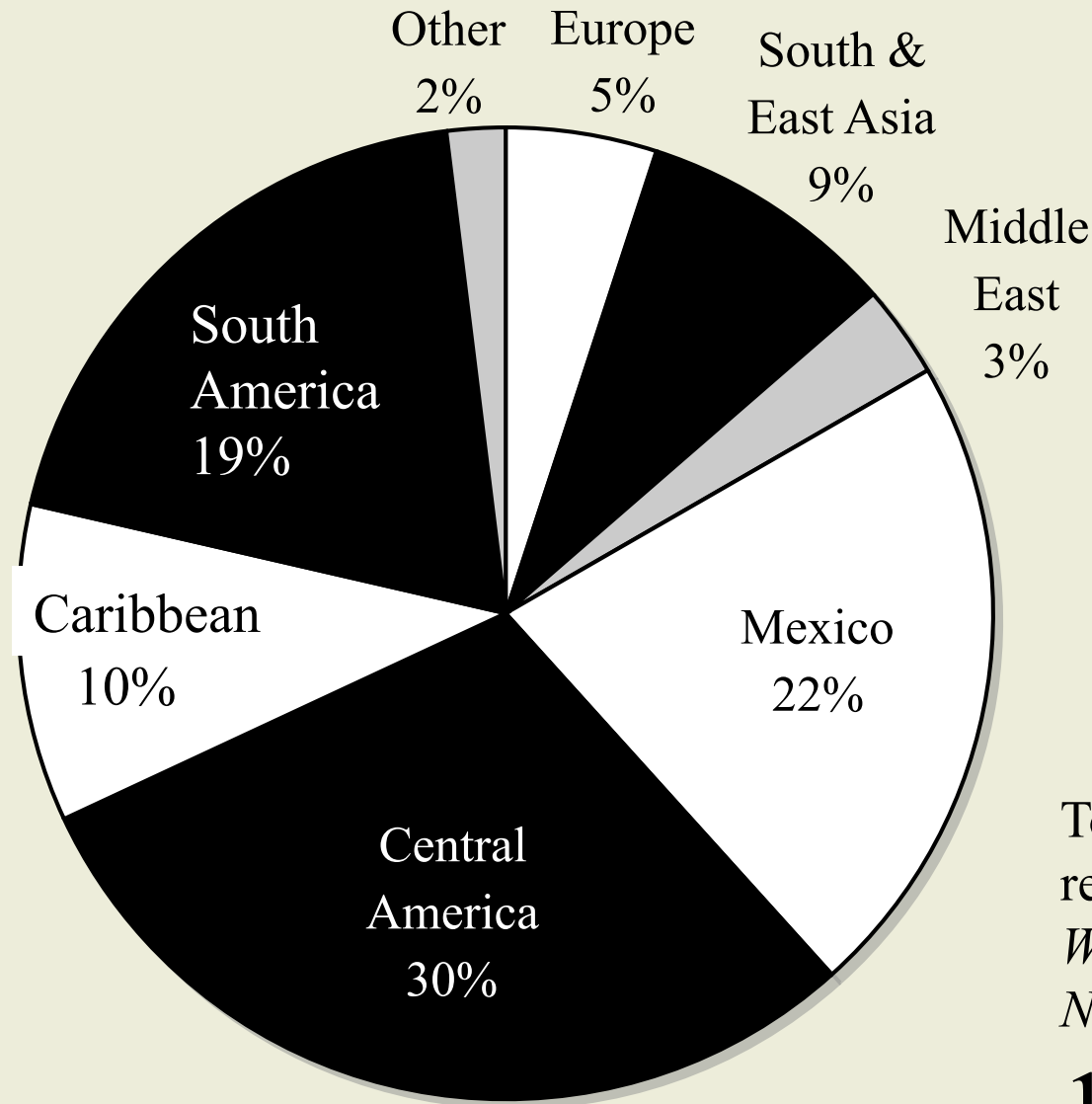
Source: FPI analysis of 2005 ACS PUMS. Working age is 16-64 years old.

Immigrant economic contribution matches immigrant share of population

Metro area	Immigrant share of population	Immigrant share of economic output	Immigrant Economic Contribution Ratio
New York City	37%	37%	1.00
New York metro area	28%	28%	1.00
Long Island	16%	18%	1.10
Hudson Valley	13%	16%	1.21
Northern and Western NY	5%	6%	1.20
New York State total	21%	22%	1.05

Source: Fiscal Policy Institute analysis of 2006-08 ACS, and 2005 ACS for NYC and NYS total.

Even **undocumented** immigration is more diverse than you may think



Source: Prepared for FPI by Jeffrey S. Passel, Pew Hispanic Center, 2007. Based on Pew Hispanic Center data from March 2000-2006, CPS with legal status assigned. Middle East includes Asian countries west of and including Iran, south of and including Turkey plus Cyprus and North Africa. Rockland and Putnam counties are included in upstate rather than downstate suburbs for this analysis. For more information, see *Working for a Better Life*, Appendix A.

Total undocumented residents in
*Westchester,
Nassau & Suffolk*

130,000

Median family income

Families with at least one immigrant adult:

\$71,000

Families with only U.S.-born adults:

\$86,000



Day laborers attract a lot of attention, but day laborers are **less**
than a half of one percent
of immigrants, and a small portion even of undocumented immigrants in the
area.

A good number of construction workers, maids, and grounds maintenance workers are immigrants.

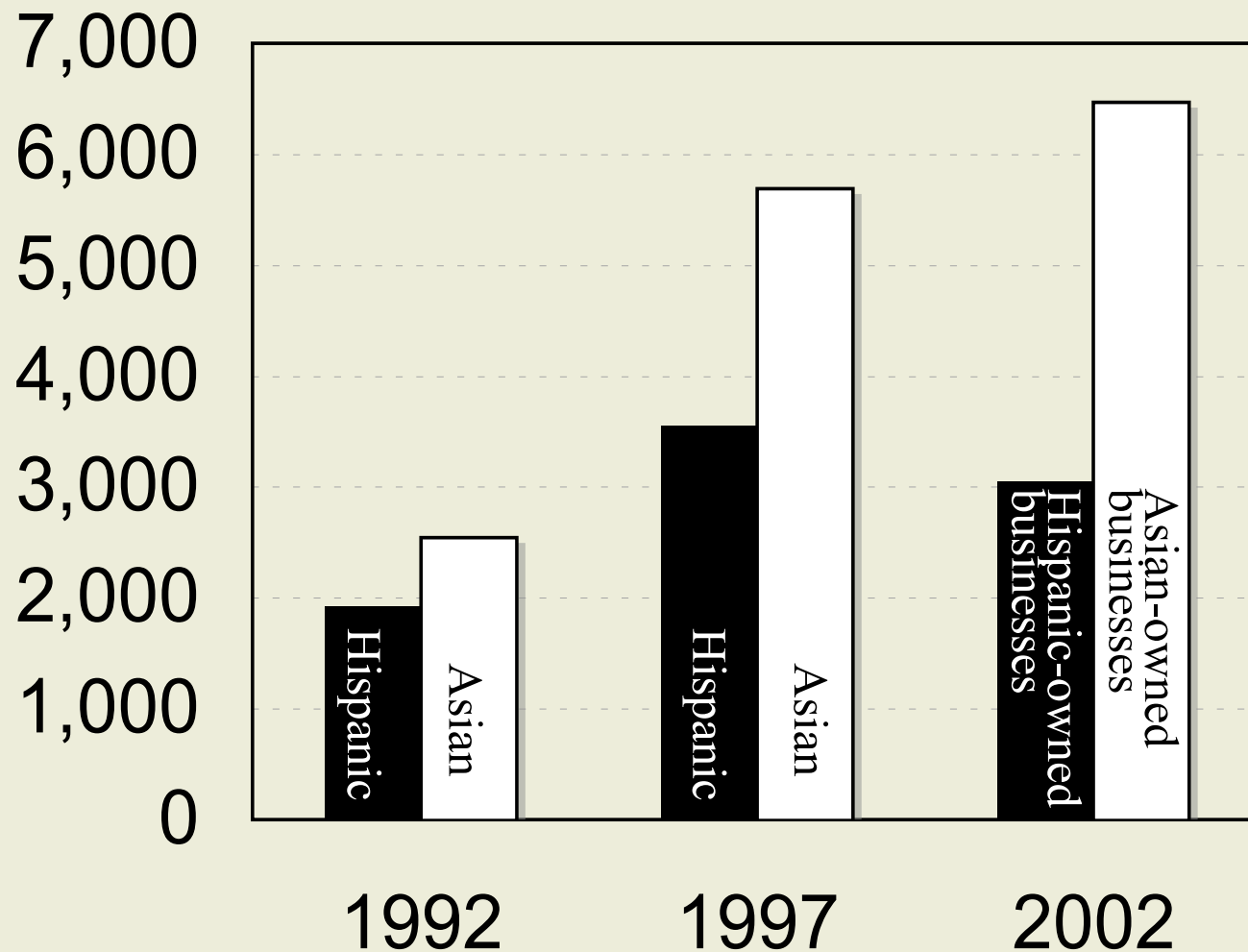
But...

the **top occupation** of immigrants in the downstate suburbs is registered nurse (29% of RNs are foreign born)

41% of all **physicians and surgeons** are foreign-born

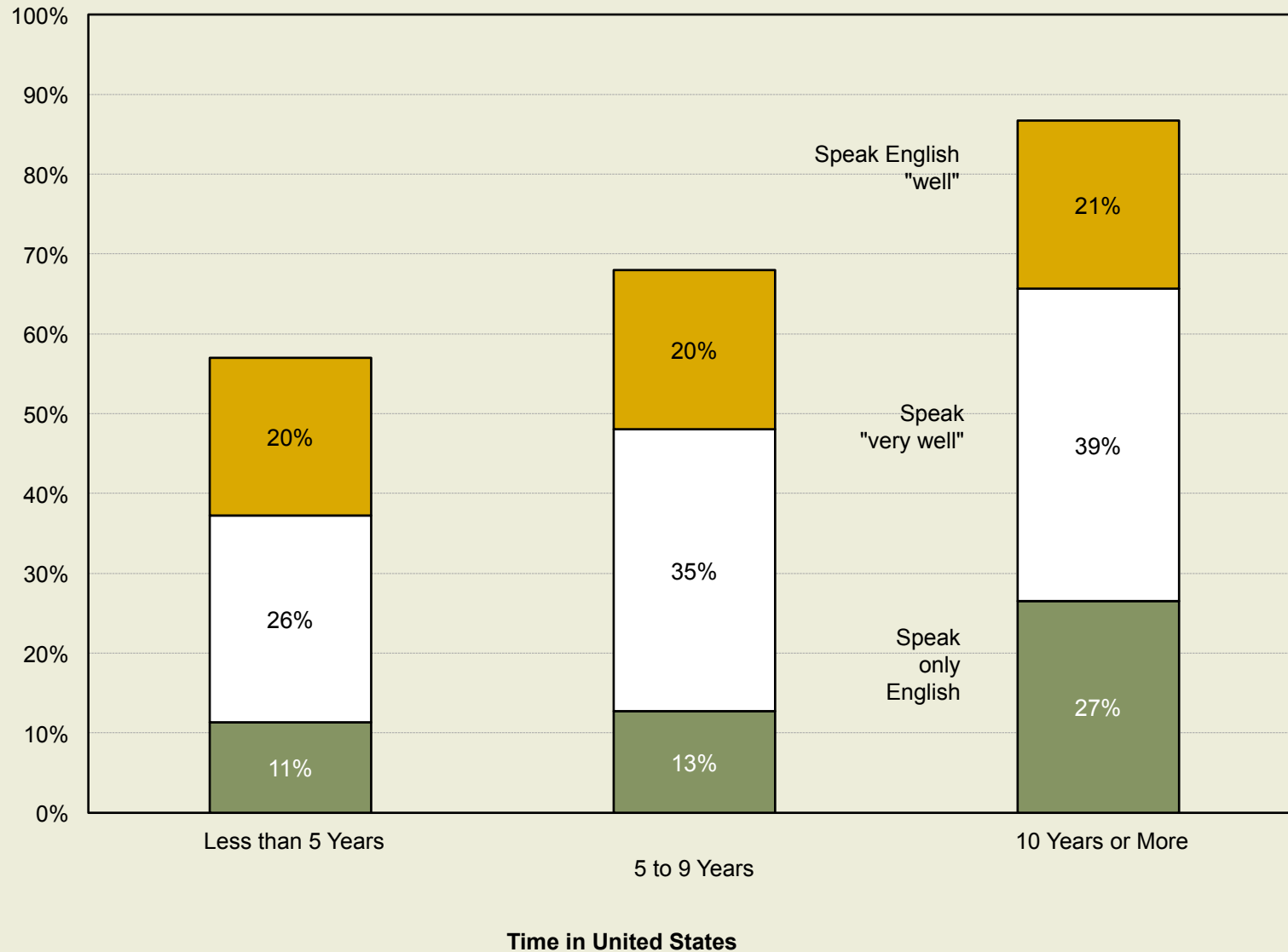
22% of **accountants** are foreign-born

Immigrants **start businesses**



Source: FPI analysis of 1992, 1997, and 2002 Economic Census (2002 data released August 2006). Analysis is of firms with employees, and excludes firms without employees.

Immigrants *learn English*



Source: FPI analysis of 2005 ACS PUMS.
Universe: Immigrants 5 years of age and older.

What's wrong with creating a climate that's hostile to immigrants?

□ Loss of business in Arizona

\$76 million in direct revenue, 1475 jobs \$5 million in taxes.

□ Riverside, New Jersey 2006

“Don't do this, it will drag the reputation of your town into the mud,”

David Verduin, president of the Riverside Coalition of Business Owners

□ Diversity is an attraction for young, well-educated, creative-class that is key to economic growth

*Richard Florida, *Cities and the Creative Class*.*

Taxes and services



What taxes do *undocumented* immigrants pay?

state and local sales tax

property tax (*through rent*)

*About half pay Social Security and
Medicare taxes*

*Some also pay income taxes
(using ITINs)*



Are undocumented immigrants really paying payroll taxes?

Payroll taxes are the main tax paid by any low- and most moderate-income workers

The Social Security Administration estimates that about half of undocumented immigrants pay payroll taxes, using incorrect Social Security numbers

A surplus for Social Security of about \$12 billion per year is generated by undocumented immigrants



What taxes do *undocumented* immigrants pay?

How much do you need to earn to owe federal income taxes?

- Family of 4 — \$50,000
- Single with no dependents \$15,000

Also:

- A single person with 2 dependents earning \$25,000 would be entitled to federal credits of about \$4,250.



Where do employers and employees need to be *brought into compliance*?

Taxes

payroll taxes

UI taxes

Workers' comp taxes

Income taxes

Benefits

Social Security and Medicare

Unemployment Insurance

Workers' compensation coverage

child tax credits but not EITC

What services are immigrants *eligible* to get?

Public Schools?

All children are eligible for public school.

Food Stamps (SNAP)?

Legal immigrants are restricted for 5 years, with an exception made for children.

Undocumented immigrants are never eligible.



TANF?

Federal restriction for 5 years for legal immigrants, made up by some states. Undocumented immigrants are never eligible.

Medicaid?

Varies by state. In New York, state-funded Medicaid & Family Health Plus available to all immigrants “permanently residing under color of law.”

Emergency Medical Care?

Everyone is eligible; some mechanisms for reimbursement.

Fiscal Policy Institute

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David Dyssegaard Kallick

212.721.7164

ddkallick@fiscalpolicy.org



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FPI
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