



News from the Fiscal Policy Institute

For immediate release

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New report

<http://fiscalpolicy.org/wp-content/uploads/2013/06/3-ways-reform-would-improve-productivity.pdf>

Immigration Reform Would Improve Economic Productivity
Report shows legalization and effective labor enforcement would be good for the
economy in New York and around the United States

In an analysis released today, the Fiscal Policy Institute concludes that legalization of undocumented immigrants, paired with effective labor standards enforcement, would improve the earnings of newly legalized workers, level the playing field for businesses, and align taxes paid and services provided, among other economic benefits.

The report concludes that a context in which all workers have legal status would:

- *Remove barriers to advancement for currently undocumented immigrants.* Legalized workers can be expected to earn about 10 percent more than undocumented workers, the study concludes, due to better job mobility, fairer pay for the jobs they do, and greater likelihood to invest in their own educational and skill development.
- *Create a more level playing field for businesses and workers.* When some firms hire undocumented immigrants and pay them substandard wages or evade payroll or other taxes, they put competing firms at a disadvantage. A level playing field would push firms toward productive competition around providing quality products and services at the best price, rather than wasteful competition around evading laws and underpaying workers.
- *Bring taxes, services, and social insurance into better alignment.* Immigration reform is unlikely to have a dramatic net impact on federal or state overall budgets, despite some claims to the contrary, the study finds. But what reform will do is align taxes, services, and social insurance so that newly legalized immigrants pay their fair share of taxes, get the services that will help them participate fully in American life, and strengthen programs such as Social Security, workers' compensation, or unemployment insurance by making sure more people pay in and more people are covered.

Border enforcement and workplace ID checks should be paired with federal and state labor standards enforcement, the study notes, to ensure that workers are not shifted from using false Social Security numbers to simply being hired off the books.

“Immigration reform, done right, would be good for immigrants, but it would also be good for all Americans,” said David Dyssegaard Kallick, the director of the Fiscal Policy Institute’s Immigration Research Initiative. “I don’t want to overstate the gains—we’re talking about 5 percent of the labor force. Still, those gains are real, and they’re important.”

“In addition, if everyone living in the United States had legal status, that would make government systems function more effectively,” Kallick added. “It would mean more people paying income taxes, more people getting services, and more people paying into and covered by social insurance programs such as Social Security, worker’s compensation, and unemployment insurance.”

Heidi Shierholz, an economist for the Economic Policy Institute and member of FPI’s immigration advisory panel, noted: “This study shows that American workers have nothing to fear from legalizing the unauthorized immigrants who are already here. They are better off when all workers in the country are protected by the full spectrum of labor and employment rights.”

“Bringing millions of undocumented workers out of the economic shadows isn’t just the right thing to do. It’s the efficient thing to do,” said Jared Bernstein, senior fellow of the Center on Budget and Policy Priorities, who reviewed the study. “Most importantly, it will preclude competition based on undercutting workers’ wages and in so doing, erase the competitive disadvantage faced by those firms who today play by the rules.”

The new report is available at <http://fiscalspolicy.org/wp-content/uploads/2013/06/3-ways-reform-would-improve-productivity.pdf>

The Fiscal Policy Institute (www.fiscalspolicy.org) is an independent, nonpartisan, nonprofit research and education organization committed to improving public policies and private practices to better the economic and social conditions of all New Yorkers. FPI’s Immigration Research Initiative looks at immigration issues in New York State, and around the country.