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FPI Testimony on the Economic Impacts of Federal Immigration Policy Changes

Testimony submitted to the Committees on Small Business and Immigration

Thank you to the Council and members of the Committees on Small Businesses and Immigration and for inviting me to speak about the economic impacts of federal immigration policy. My name is Emily Eisner, and I am the Chief Economist and Acting Executive Director at the Fiscal Policy Institute. FPI is a nonpartisan, non-profit policy research organization committed to sound and equitable fiscal policy that strengthens the state economy for all New Yorkers.

On January 23, 2025, the Fiscal Policy Institute and the Immigration Research Initiative released a joint report on the potential economic impacts of proposed new federal immigration policies (note that I have included this report as an addendum to this testimony). At the time of release, the Trump administration had only just taken office and we did not yet know to what extent the new administration would implement the draconian policies President Trump had laid out on the campaign trail. We warned that implementing the proposed deportation policy would have severe impacts on New York's economic and fiscal health, in addition to catastrophic humanitarian costs to New York's immigrant families. Now, over a year into this presidential administration, we see that federal policy has in many ways exceeded our worst fears—posing real threat not only to immigrant families, documented and undocumented, but also to the New York economy. Under the current federal immigration regime, New York faces the very real possibility of economic stagnation and decline.

There are about 4.5 million immigrants in New York State, including 1.8 million who are non-citizens, and among those an estimated 670,000 who are undocumented. In 2022, people who are undocumented paid an estimated $3.1 billion in state and local taxes. New York's economy depends on immigrants, including those without documentation. Immigrant workers—especially those who are undocumented and vulnerable—are concentrated in construction, food production and services, and care industries including childcare and home health. The Trump administration's efforts to remove a significant portion of these workforces will make it harder for New York to produce food, build new homes, and care for our sick and elderly, pushing up prices and straining employers in these sectors.

Further, federal immigration policy has dramatically slowed the flow of new immigrants into the economy. While New York's population typically grows each year due to high international immigration, in 2025 the state population was flat. A huge decline in international immigration to New York is the clear driver of this stalled population growth. If this trend continues, New York's labor market and economic growth will be at great risk. Slowed population growth is likely already dampening economic activity and undercutting economic growth in the state. New York City will take the brunt of this economic damage, as it is the primary driver of the state economy.

Economists and policy analysts from across the political spectrum have raised serious concerns regarding the detrimental impact of current federal immigration policy on the economic and fiscal health of the country and its local governments. Legislators in New York must take action to prevent deportations and re-establish the state as a safe place for immigrant families to live and work.

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The Economic and Fiscal Impacts of Mass Deportation: What's at Risk in New York

By Emily Eisner (FPI), David Dyssegaard Kallick (IRI), and Andrew Perry (FPI)

Key Findings

- There are 4.5 million immigrants in New York State, including 1.8 million who are non-citizens, and among those an estimated 670,000 who are undocumented.[1]
- In 2022, people who are undocumented paid an estimated $3.1 billion in state and local taxes.[2]
- New York's economy depends on immigrants, including those without documentation. Deportation of these workers would dramatically decrease affordability and availability of food, homes, and care—all basic needs for New Yorkers.
    - Among people who are undocumented, some of the most vulnerable to deportation and detention, there are an estimated 7,000 chefs, 17,000 cooks, 9,100 food prep workers, and 9,200 waiters in New York State.[11]
    - There are an estimated 20,900 maids and housekeepers, 16,800 home health aides, 7,000 child care workers, and 6,500 personal care aides who are undocumented in New York.[12]
    - There are an estimated 29,500 construction laborers, 12,800 carpenters, and 6,200 painters who are undocumented in New York.[13]
    - Over half of all crop workers in the United States are immigrants, and the vast majority of these immigrants are either undocumented or seasonal H-2A workers.[16]
- Stopping the flow of new refugees to upstate cities will have a direct impact on population rebound in upstate cities, as well as a strong negative impact on the refugee resettlement agencies that are important anchor institutions in these cities.

The Trump Administration is promising an unprecedented intensity of enforcement actions aimed at removing immigrants from their communities, their workplace, and often from their families. In many cases this may result in deportations, in many others it may mean indefinite incarceration in detention centers. The new administration is also promising to radically reduce the number of new immigrants allowed into the country, and to strip some immigrants of status they currently hold.

The immigrants most vulnerable are those who are undocumented. But the impact does not end there. People who have temporary visas may see them terminated or unrenewed. People with temporary protected status, asylum seekers, DACA recipients, and many others are also in a precarious position.

There are far-reaching social and humanitarian implications of this type of enforcement regime. But there is also an economic risk that can be quantified.

Immigrants are a vital part of the New York State economy.

- There are 4.5 million immigrants in New York State, including 1.8 million who are non-citizens, and among those an estimated 670,000 who are undocumented.[1]
- Non-citizens include green card holders, as well as a number of people who are at risk of deportation or removal of immigration status, including those who are undocumented, people eligible for Temporary Protected Status, DACA recipients, H1-B and H2-A visa holders, asylum seekers, and others.

Deporting immigrants will come at a significant fiscal cost to New York State and local governments.

- In 2022, people who are undocumented paid an estimated $3.1 billion in state and local taxes in New York.[2]
- Deporting over 600,000 people from New York State poses enormous logistical challenges, not to mention opposition based on legal and human rights issues. If, however, just one out of ten people who are undocumented were deported or put into detention camps, that would result in a loss of $310 million in state and local tax revenue. This is approximately the cost of extending free school meals to all children in New York public schools.
- These projected impacts underestimate the actual loss, since they do not include calculation of the disruption to businesses and communities of conducting raids and other actions, the impacts to family members who lose a breadwinner, or the costs to the foster care system for children who wind up without parents in the United States.
- There may be some offsetting savings in state and local expenditures, but these are likely to be small since recent immigrants and people who are undocumented are

excluded from many public benefits. At the same time, there will be new costs to state and local governments associated with deportation and detention.

- A better approach would be to make it possible for people who are undocumented to gain legal status. That approach would *increase* New York state and local tax revenues by $900 million.[3]

Rescinding status and restricting immigration will further hurt the New York economy.

New York also stands to lose a lot if the Trump Administration follows through on threats to remove the temporary status of immigrants who have it today, to radically change the treatment of asylum seekers, and to shut down refugee resettlement.

At risk include an estimated 68,000 people in New York with Temporary Protected Status,[4] 21,000 active DACA recipients,[5] and 62,000 asylum seekers currently in New York City-funded shelters and 215,000 who have passed through the New York City processing system since the spring of 2022 (a number of whom have since left New York City, including to other parts of New York State).[6]

Also at risk are the renewal or new visas for temporary "guest worker" visas such as H-1B, intended for highly skilled workers, and H-2A visas for seasonal agricultural workers. These are programs that are ripe for improvement, since they can be exploitative to workers and, unlike other immigration categories, have been shown to have adverse impacts on other workers.[7] Simply eliminating these workers, however, without creating better options will be a significant challenge for employers.

Additionally, the refugee resettlement program is a longstanding point of pride in New York State, with a strong network of refugee resettlement agencies that welcomed 4,190 refugees in the last year alone (2023 fiscal year).[8]

This list is not comprehensive, and threats from the incoming administration to other categories of immigrants seem to multiply quickly. At the same time, even the most radical deportation and restriction regime will face political and social resistance, as well as significant logistical and legal challenges. This brief is not a prediction of what is to come, but an assessment of where New York State's economic and fiscal outlook are vulnerable.

Where the New York Economy is Most at Risk

A regime of mass deportation and restriction poses widespread and unpredictable threats of the New York State economy.

• **A loss of large numbers of workers from the New York State labor force would mean an increase in the cost of living** for New Yorkers who will pay more for restaurants, child care, home health aides, construction, farm goods, and more. Costs will go up not only because immigrants are often underpaid, but more fundamentally because there will be an under-supply of workers.

• **A labor supply shortage will force businesses to shrink.** As much as they can, businesses would adjust by hiring new workers. But, the labor force is already constrained. The unemployment rate was 4.4 percent in November 2024, near a historic low.[9] Employers are already straining to find employees; eliminating large numbers of workers from the labor force will not help.

• **Deporting the 470,000 undocumented workers would result in a predictable *decline* of about 40,000 jobs for U.S.-born workers**, according to a leading journal article on the subject.[10] Contrary to popular belief, deporting immigrants reduces the number of jobs for other workers. Reasons include: declining purchasing power for immigrants that reduces local demand; decline in the number of complementary workers—fewer cooks and dishwashers means fewer waiters, fewer construction laborers means fewer construction managers; and declining care workers means lower labor force participation for young parents.

Some areas of the New York State economy that are particularly at risk include:

> **Restaurants.** Immigrants play a big role in New York's vibrant restaurant industry: in the "front of the house" jobs serving diners, in the "back of the house" jobs in the kitchen, and in so many cases as restaurant owners. Among people who are undocumented, some of the most vulnerable to deportation and detention, there are an estimated 7,000 chefs, 17,000 cooks, 9,100 food prep workers, and 9,200 waiters in New York State.[11] Undocumented workers make up about 12 percent of these four occupations combined. While some other workers could step into these jobs, there are not enough workers who are currently unemployed to meet this demand, and the predictable result of an outflow of workers is shrinkage of other jobs that rely on these workers.
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> **Care workers.** There are 20,900 maids and housekeepers, 16,800 home health aides, 7,000 child care workers, and 6,500 personal care aides who are undocumented in New York.[12] Undocumented workers make up about 10 percent of these occupations combined. The disappearance of these undocumented workers would create an immediate challenge for families across the state. Child care and home health aides may be particularly sensitive: without them, family members would likely be required to pick up a significant amount of the responsibility for care of children, elderly family members, and others who currently get support from child care and home health aides.

This added responsibility, which falls highly disproportionately on women, would likely also lead to some of the caretakers dropping out of the paid labor force.

Construction. There are 29,500 construction laborers, 12,800 carpenters, and 6,200 painters who are undocumented in New York.[13] Undocumented workers make up roughly a quarter of construction laborers. Removing thousands of workers from the labor force, many of them also union members, would increase the cost of construction, limiting the total construction feasible during a historical housing shortage.

Upstate cities. A radical federal cutback in refugee resettlement would have a major impact on Upstate New York. A central challenge to the economies of Buffalo, Rochester, Syracuse, Utica, and Albany has been the longstanding decline in population and labor force. The city of Buffalo, for example, is currently less than half the size it was in 1950, but population loss is beginning to stabilize, with immigrants playing a central role. Over the past 20 years (2000 to 2022) the U.S.-born population of Buffalo shrank by 31,000, offset by an increase in the immigrant population of 15,000, a large portion of them refugees, leading to a net loss that is half what it would have been.[14] As a recent report showed, "In Buffalo, immigrants and refugees are bringing renewed energy to Grant Street, Hertel Avenue, Tonawanda Street, and Broadway-Fillmore. In Utica, Oneida Square, Bleecker Street and Mohawk Street are dotted by small ethnic businesses, from a Vietnamese market to Bosnian coffee shops and a wide range of restaurants—Thai, Cambodian, Lebanese, Dominican, Burmese and more. Related patterns can be seen in Rochester, Syracuse, and Albany."[15] Stopping the new flow of refugees will have a direct impact on population rebound in Upstate cities, as well as a strong negative impact on the refugee resettlement agencies that are important anchor institutions in these cities.

Farming. Over half of all crop workers in the United States are immigrants, and the vast majority of the immigrants are either undocumented or seasonal H-2A workers,[16] both categories of immigrants that have been threatened by the incoming administration. Pay and working conditions are in dire need of improvement for farm workers. But the likely result of deporting current immigrants and restricting new immigration is not an improvement of working conditions, but a decline in farming. Farms in New York are a source of fresh milk, top-quality apples, and vegetables and other produce enjoyed around the state and sold for export. Farms are also important to the economic and social vitality of rural communities, enhance the local landscape, and are part of a growing agritourism industry. Eliminating immigrants from farm work would be nearly unimaginable, and reducing the number of immigrant workers by even five or ten percent would have dramatic negative consequences.

[1]Number of immigrants and non-citizen immigrants are an FPI/IRI analysis of the 2023 ACS. Number of immigrants who are undocumented is the most recent estimate from the Center for Migration Studies, based on the 2022 ACS. Number of immigrants and non-citizen immigrants are from the 2023 American Community Survey. Immigrants make up 23 percent of the state population, non-citizens 9 percent, and people who are undocumented about 3 percent.
[2] Davis, et al. "Tax Payments by Undocumented Immigrants," Institute on Taxation and Economic Policy, July 30, 2024. https://itep.org/undocumented-immigrants-taxes-2024/
[3] Ibid.
[4] Wilson, Jill. "Temporary Protected Status and Deferred Enforced Departure," Congressional Research Service, September 23, 2024. https://sgp.fas.org/crs/homesec/RS20844.pdf
[5] "Deferred Action for Childhood Arrivals (DACA) Data Tools," Migration Policy Institute. https://www.migrationpolicy.org/programs/data-hub/deferred-action-childhood-arrivals-daca-profiles
[6] "Accounting for Asylum Seeker Services: Asylum Seeker Census," New York City Comptroller. https://comptroller.nyc.gov/services/for-the-public/accounting-for-asylum-seeker-services/asylum-seeker-census/
[7] On H-2A visas, see for example: Costa, Daniel. "Testimony prepared for the U.S. House Subcommittee on Workforce Protections for a hearing on 'Second-class workers – Assessing H-2 visa programs' impact on workers," July 20, 2022. https://www.epi.org/publication/second-class-workers-assessing-h2-visa-programs-impact-on-workers/; On H-1B visas, see for example: Bound, et al. "Understanding the Economic Impact of the H1-B Program on the U.S." February, 2017. https://www.nber.org/system/files/working_papers/w23153/w23153.pdf.
[8] Fiscal year 2023 data from the New York Office of Temporary and Disability Assistance. https://otda.ny.gov/programs/bria/documents/population-report.pdf
[9] U.S. Bureau of Labor Statistics, Unemployment Rate in New York [NYUR], retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/NYUR, January 22, 2025.
[10] East, et al. "The Labor Market Effects of Immigration Enforcement," Journal of Labor Economics, vol 41, number 4. This work is summarized in an accessible fashion by Chloe N. East in "The Labor Market Impact of Deportations," The Hamilton Project, Sept. 18, 2024. The study finds that for every 500,000 people deported, 44,000 U.S.-born people lose their jobs. We estimate down slightly to about 40,000 based on the slightly lower number of undocumented workers in New York State, 470,000, and round from 41,360 to 40,000. [Check that 500,000 to 44,000 isn't already rounded]
[11] Lisiecki, Matthew. "High-Growth Occupations Reliant on Undocumented Immigrant Workers in New York State," Center for Migration Studies, July 15, 2024. https://cmsny.org/high-growth-occupations-reliant-undocumented-immigrant-workers-nys/
[12] Ibid.
[13] Ibid. "Painters" here includes both painters and paperhangers.
[14] Kallick, David Dyssegaard. "Immigrants in Buffalo: Plenty of Room for Growth," Immigration Research Initiative, September 10, 2024.
[15] Kallick, David Dyssegaard. "New York Needs and Upstate Strategy for Immigrant Inclusion," Immigration Research Initiative, 2022.
[16] Gutiérrez-Li, Alejandro. "Feeding America: How Immigrants Sustain US Agriculture," Baker Institute for Public Policy, July 19, 2024. https://www.bakerinstitute.org/research/feeding-america-how-immigrants-sustain-us-agriculture