

Principles for an Immigration Policy to Strengthen and Expand the American Middle Class Fact Sheet: Immigrants' Economic Contributions

The American middle class and low-income workers striving to earn a middle-class standard of living rely on the economic contributions of immigrants, both authorized and undocumented.

- **Overall U.S. natives** gain an estimated \$37 billion a year from immigrants' participation in the U.S. economy, according to the President's Council of Economic Advisors.¹
- **Immigrants contribute as workers:** Americans rely on the goods and services immigrants' produce.
 - One in every four doctors in the U.S. is foreign born, as well as one in three computer software engineers and more than 42 percent of medical scientists.²
 - Immigrants helped to invent a quarter of the U.S. patent applicants in 2006.³
 - Undocumented immigrants contribute significantly to the U.S. workforce construction, agriculture, maintenance and hospitality – they pick and process our food and build and clean our homes and offices.⁴
- **Immigrants contribute as consumers:** Immigrant consumers create new jobs by increasing demand for the products and services produced by current and aspiring middle-class workers.
 - In the Chicago metropolitan area alone, undocumented immigrants spend \$2.89 billion on goods and services, creating an additional 31,908 jobs in the local economy.⁵
 - Immigration is a significant contributor to the rapid growth of the Hispanic and Asian-American consumer markets, which together accounted for an estimated \$1.46 trillion in buying power in 2008.⁶
 - Immigrant consumers will be particularly critical in reviving the nation's devastated housing market, according to Harvard University's Joint Center on Housing Studies. They reveal that immigration contributed to over 40 percent of net household formations between 2000 and 2005.⁷
- **Immigrants contribute as entrepreneurs:** Immigrant-owned businesses employ American workers and raise capital from abroad to invest in the U.S. economy.
 - More than one in ten self-employed businesspeople in the U.S. is an immigrant.⁸
 - Engineering and technology companies headed by immigrants created 450,000 U.S. jobs between 1995 and 2005.⁹
 - Latin American immigrants in South Florida have helped to make the area a leader in attracting foreign direct investment, particularly international banking.¹⁰
- **Immigrants contribute as taxpayers:** Policies that strengthen and expand the American middle class are funded by the taxes immigrants' pay.
 - Immigrants pay sales, property, and income taxes. The Social Security Administration also estimates that three quarters of undocumented immigrants pay payroll taxes.¹¹
 - The average immigrant pays \$1,800 more in taxes than she receives in public benefits, according to a landmark study by the National Research Council and National Academy of

Sciences. Over their lifetimes, the average immigrant and her immediate descendents contribute \$80,000 more in taxes than they receive in benefits.¹²

- The non-partisan Congressional Budget Office concurs, stating that “over the past two decades, most efforts to estimate the fiscal impact of immigration in the United States have concluded that, in aggregate and over the long term, tax revenues of all types generated by immigrants—both legal and unauthorized—exceed the costs of the services they use.” However, the federal government does not always share this tax revenue with state and local governments in proportion to the services immigrants use.¹³
- Undocumented immigrants contribute \$7 billion a year in Social Security taxes even though they cannot claim benefits from this program.¹⁴ At current immigration levels, new immigrants entering the U.S. will provide an estimated net benefit of \$407 billion to the Social Security system over the next 50 years.¹⁵

SOURCES:

¹ White House Council of Economic Advisors, “Immigration’s Economic Impact,” (2007).

<http://caimmigrant.org/repository/wp-content/uploads/2007/06/CEAImmigration%20Economic%20Impact%2020070620.pdf>

² Jeanne Batalova and Michael Fix, “College-Educated Immigrant Workers in the United States,” Migration Policy Institute (2008). <http://www.migrationinformation.org/USfocus/display.cfm?id=702>

³ Vivek Wadhwa et. al., “Intellectual Property, the Immigration Backlog, and a Reverse Brain-Drain: America’s New Immigrant Entrepreneurs, Part III,” Ewing Marion Kauffman Foundation (2007).

http://www.kauffman.org/uploadedFiles/reverse_brain_drain_101807.pdf

⁴ Jeffrey S. Passel and D’Vera Cohen “A Portrait of Unauthorized Immigrants in the United States.,” Pew Hispanic Center, (2009). <http://pewhispanic.org/reports/report.php?ReportID=107>

⁵ Chirag Mehta et. al., “Chicago’s Undocumented Immigrants: An Analysis of Wages, Working Conditions, And Economic Contributions,” Center for Urban Economic Development, University of Illinois at Chicago (2002).

http://www.uic.edu/cuppa/uicued/npublications/recent/undoc_full.pdf

⁶ Jeffrey M. Humphreys, “The Multicultural Economy 2008,” Selig Center for Economic Growth, University of Georgia (2008). http://media.terry.uga.edu/documents/selig/buying_power_2008.pdf

⁷ Joint Center for Housing Studies of Harvard University, “The State of the Nation’s Housing 2009”, (2009) and “The State of the Nation’s Housing 2007”, (2007). <http://www.jchs.harvard.edu/publications/markets/son2009/index.htm>

⁸ William J. Haller, “Immigrant Entrepreneurship in Comparative Perspective: Rates, Human Capital Profiles, and Implications of Immigrant Self-Employment in Advanced Industrialized Societies,” (2004).

<http://www.lisproject.org/immigration/papers/haller.pdf>

⁹ Vivek Wadhwa, et. al., “America’s New Immigrant Entrepreneurs: Part I,” Duke Science, Technology & Innovation Paper No. 23 (2007). http://papers.ssrn.com/sol3/papers.cfm?abstract_id=990152

¹⁰ Saskia Sassen and Alejandro Portes, “Miami: A New Global City?” *Contemporary Sociology* 22 Issue 4, (1993) p471–477.

¹¹ Eduardo Porter, “Illegal Immigrants are Bolstering Social Security with Billions,” *New York Times*, April 5, 2005. <http://www.nytimes.com/2005/04/05/business/05immigration.html>

¹² James P. Smith & Barry Edmonston, Editors, *The New Americans: Economic, Demographic, and Fiscal Effects of Immigration*. Washington, DC: National Research Council, National Academy of Sciences Press (1997) p 349, p 351.

¹³ “The Impact of Unauthorized Immigrants on the Budgets of State and Local Governments,” Congressional Budget Office (2007). <http://www.cbo.gov/ftpdocs/87xx/doc8711/12-6-Immigration.pdf>

¹⁴ Randolph Capps and Michael E. Fix, “Undocumented Immigrants: Myths and Reality,” The Urban Institute (2005). <http://www.urban.org/publications/900898.html>

¹⁵ Stuart Anderson, “The Contribution of Legal Immigration to the Social Security System,” National Foundation for American Policy, (2005): p8, <http://www.nfap.net/researchactivities/studies/SocialSecurityStudy2005Revised.pdf>