

# FISCAL POLICY INSTITUTE

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Testimony of

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Before the

**Senate Judiciary Subcommittee on Immigration and the National Interest**

Hearing on

**The Impact of High Levels of Immigration on U.S. Workers**

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## **The Contribution of Immigrants to the American Economy**

Thank you for inviting me to testify today. I am David Dyssegaard Kallick, director of the Immigration Research Initiative at the Fiscal Policy Institute.

The ten years that I have been doing research on immigration have only deepened my appreciation for the very robust contribution immigrants make to the economy. It might surprise people, even in this room, to know that in the United States about half of immigrants have at least some college education.<sup>1</sup> Forty-six percent of immigrants work in white collar jobs – more than in blue collar (29 percent), service (21 percent), or farm jobs (5 percent). Yes, that includes all immigrants – that is to say, all people born in another country, regardless of legal status.<sup>2</sup> Immigrants make up 14 percent of registered nurses, 17 percent of accountants, 28 percent of physicians, and 31 percent of economists.<sup>3</sup>

We sometimes hear that immigrants are doing jobs that U.S.-born workers don't want to do. That sells immigrants short – there are concentrations of immigrants in many low-wage jobs and in some high-wage jobs, but the majority of immigrants are somewhere in the middle. And it sells U.S.-born workers short – there are plenty of U.S.-born workers in very tough jobs.<sup>4</sup>

Increases in immigration are also closely linked to economic growth. In comparing 25 metro areas around the United States,<sup>5</sup> we found that where there is growth there is immigration, and that the only places you're likely to find little immigration are places with little economic growth. This doesn't prove that immigration *causes* growth. It does suggest, though, that if you are serious about having a growing economy you should be finding ways to welcome immigrants.

Immigrants play a big role as business owners. That is especially true in Main Street businesses—such as grocery stores, restaurants, retail shops, or beauty salons. Google and

PayPal are great, and were also started by immigrants. But Main Street businesses are the bread and butter of local economic development. They are what gives a commercial area its character, and often spark local revitalization. Twenty-eight percent of Main Street business owners are immigrants.<sup>6</sup>

There is widespread agreement among economists that immigration brings economic growth, and has a positive overall impact on wages and employment for U.S.-born workers. The disagreement on this question is about the size of the GDP boost and wage increase.

That said, several studies also point to some negative impact on African-American men with less than a high school degree, and in some cases also white men with less than high school. This is an important finding, but reducing immigration is an ineffective way to improve the living standard of these groups, whose livelihood is being undermined by a number of social and economic forces that dwarf the possible impact of immigration.

The best response is for Americans to become more educated – and, indeed, that is happening at a truly impressive rate. Even as the population increased, there were 3 million fewer men with less than a High School degree age 25 and older in 2014 than there were in 2000—including immigrants. Blacks, including black men, are improving at the fastest rate, though they are still not closing the gap with whites.<sup>7</sup>

There are also numerous improvements we can make in the labor market for these men, from improving schools to investing in job training and workforce development, expanding opportunities for union membership, or reforming the criminal justice system and re-entry into the workforce. In other words, we can provide opportunities for men with less than a high school degree to succeed while allowing the country to take advantage of the overall economic benefits of immigration.<sup>8</sup>

It's actually rather amazing that America does as well as we have with immigration, considering how little we have done to update the country's immigration system. Maybe it's just in our DNA as a country to draw and integrate immigrants, irrespective of what happens here in Washington.

But, there's only so long we can go on without addressing some fundamental problems. Fixing immigration policy would be good for the economy, and it would be good for U.S.-born workers too – particularly those in the lowest rungs of the labor market. It's not good for anyone when some workers can be taken advantage of.<sup>9</sup>

I'm not suggesting that more immigration will always be better for the economy—we have to strike a balance. What I do want to say clearly is that the United States has tremendously benefited from the immigration that we've had. And, we would benefit even more with a properly functioning immigration system that recognizes where there are problems and addresses them constructively. That would help immigrants reach their full potential while making sure U.S.-born workers share in the prosperity that a vibrant and growing economy brings.

Thank you again, and I look forward to your questions.

*The Fiscal Policy Institute ([www.fiscalpolicy.org](http://www.fiscalpolicy.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.*

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<sup>1</sup> *Across the Spectrum: The Wide Range of Jobs Immigrants Do*, Fiscal Policy Institute, 2010. The exact share with at least some college is 48 percent.

<sup>2</sup> Figures for occupations in the United States as a whole and for individual states are from a joint Fiscal Policy Institute and Economic Policy Institute analysis of 2007-2011 American Community Survey data. The committee members might be interested to know that 37 percent of immigrants work in white-collar jobs in Arizona, North Carolina, Texas and Utah. Thirty-nine percent are in white-collar jobs in Alabama, Arizona, North Carolina, Texas, and Utah. The share is 44 percent in Georgia and Illinois, 46 percent in California, 48 percent in Minnesota, 49 percent in New York, and 50 percent in Connecticut.

<sup>3</sup> Fiscal Policy Institute analysis of 2014 3-year American Community Survey data from IPUMS.

<sup>4</sup> I'd note only one exception: farm laborers.

<sup>5</sup> *Immigrants and the Economy: Contribution of Immigrant Workers to the Country's 25 Largest Metropolitan Areas*, Fiscal Policy Institute, 2009.

<sup>6</sup> *Bringing Vitality to Main Street: How Immigrant Small Businesses Help Local Economies Grow*, the Fiscal Policy Institute and the Americas Society/Council of the Americas, 2015.

<sup>7</sup> Fiscal Policy Institute analysis of 2000 Census and 2014 American Community Survey. The share of black men with less than a high school degree has dropped impressively from 29 to 17 percent, a drop of 12 percentage points—a far faster rate of decline than for the overall population. The rate of decline for the overall population is six percentage points, from 20 percent to 14 percent. See also Janelle Jones and John Schmitt, “Has Education Paid Off for Black Workers,” Center for Economic and Policy Research, June 2013, which shows the share of black men employed in the labor force with less than a high school degree (18 to 64 years old) going from 36 percent in 1979 to 6 percent in 2011.

<sup>8</sup> This question is explored at length in the local level on Long Island in David Dyssegaard Kallick, “Immigration’s Impacts on the Long Island Economy,” *Regional Labor Review*, Fall 2010. See also “The Changing Profile of Long Island’s Economy,” Fiscal Policy Institute, November 2010, for more detail on improvements in levels of educational attainment.

<sup>9</sup> “Three Ways Immigration Reform Would Make the Economy More Productive,” Fiscal Policy Institute, June 2013. The Institute on Taxation and Economic Policy modeled the state and local tax implications of immigration reform for our report, and later updated and expanded that analysis. Their conclusion was that in every state there was a net positive for state and local tax revenue, coming to a total of \$12 billion in state and local taxes currently paid, and an additional \$800 million that would be paid under immigration reform.