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BUILDING A MORE DYNAMIC ECONOMY: THE BENEFITS OF IMMIGRATION

HEARING

BEFORE THE

COMMITTEE ON THE BUDGET
HOUSE OF REPRESENTATIVES

ONE HUNDRED SIXTEENTH CONGRESS

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BUILDING A MORE DYNAMIC ECONOMY: THE BENEFITS OF IMMIGRATION

WEDNESDAY, JUNE 26, 2019

HOUSE OF REPRESENTATIVES,
COMMITTEE ON THE BUDGET,
Washington, D.C.

The Committee met, pursuant to call, at 10:00 a.m., in Room 210, Cannon House Office Building, Hon. John A. Yarmuth [Chairman of the Committee] presiding.

Present: Representatives Yarmuth, Omar, Higgins, Doggett, Price, Morelle, Lee, Jayapal, Sires, Peters, Schakowsky, Moulton, Jackson Lee, Horsford, Womack, Smith, Flores, Holding, Stewart, Crenshaw, Hern, Meuser, Timmons, Burchett, Woodall, Johnson, and Roy.

Chairman YARMUTH. The Committee will come to order.

Good morning and welcome to the Budget Committee's hearing on Building a More Dynamic Economy: The Benefits of Immigration. June is Immigrant Heritage Month, so it is a great time to recognize and celebrate the cultural and economic contributions immigrants make to our country.

I want to welcome our witnesses here with us today. This morning, we will be hearing from Mr. Tom Jawetz, vice president of immigration policy at the Center for American Progress. Glad to welcome Mr. Jawetz back to his old stomping ground. Before joining the Center for American Progress, Mr. Jawetz spent seven years working under Ms. Lofgren as the chief counsel for the Immigration Subcommittee of the House Judiciary Committee.

We also will be hearing from Mr. Abdirahman Kahin, one of Ms. Omar's constituents and the owner of Afro Deli in Minnesota. We will be hearing from Dr. Sari Kerr, senior research scientist at Wellesley College, and the Honorable Douglas Nicholls, the Mayor of Yuma, Arizona.

Welcome to all of you and thank you for being here today. We appreciate you taking time out of your schedules to testify before the Committee.

Now we will have opening statements. I yield myself five minutes for my opening statement.

Every day that we wait to fix our broken immigration system, more families are separated, children face horrendous conditions in detention centers, businesses face uncertainty, and we miss out on new economic opportunities.

I spent most of 2013 as part of a bipartisan group of eight House Members meeting privately every day for seven months, working toward comprehensive immigration reform. And despite the current

climate that makes it seem like there is no room for agreement on this issue, we were successful in forming a bold bipartisan package we were confident would have passed the House had it been brought to the floor. It was a true bipartisan compromise, one that would have kept families together, protected our borders, and provided pathways to citizenship. And it was shelved because of politics.

By holding this hearing and pointing the spotlight on the economic benefits and opportunities of comprehensive immigration reform, it is my hope that the Budget Committee can re-start the process. That we can establish some common ground and help set the stage for bipartisan compromise that my experience tells me Democrats and Republicans can find.

We all share a desire and a responsibility to improve our economy and our budget outlook, and we have a great opportunity to do that through an immigration system that brings hardworking and creative people to our country.

Without question, our economy needs it. The Congressional Budget Office released its long-term budget outlook yesterday, and it confirms some of what we already know: working-age Americans will account for a smaller portion of our total population. The cost of stalwart programs like Medicare and Social Security are increasing as our elderly population grows. And deficits continue to rise.

One way to improve our economic outlook and strengthen our fiscal position is by passing reforms that recognize both the cultural and economic contributions of the people who seek to make a home here. Welcoming more immigrants to the United States would boost GDP, increase business dynamism, enhance our ability to compete globally, shrink our deficits, and improve our long-term fiscal outlook.

It is also the only realistic solution for addressing the slow growth of our labor force and alleviating some of our demographic challenges that put even greater pressure on federal budgets.

Immigrants, both documented and undocumented, have already helped extend the solvency of Social Security and Medicare, two of the biggest drivers of our long-term budget challenges. Increasing immigration would continue to improve the financial outlook for these vital programs.

And there's more. America would not have its reputation as a nation of innovation and entrepreneurship without immigration.

That's not just my opinion. The U.S. Chamber of Commerce and business leaders across the political spectrum would be the first to point out that first-generation Americans create 25 percent of all new businesses in the United States, with the share rising to as much as 40 percent in some states. Almost half of the companies in the Fortune 500, and more than one in four small businesses in the U.S., were founded by immigrants. Many of these industry-shaping entrepreneurs immigrated to the U.S. as children or as students.

So it is clearly an economic priority to make sure our current young immigrants and DREAMers can remain here as important contributors to our society. It also happens to be the right thing to do.

Aside from invigorating our economy, immigrants also strengthen our fiscal health. The CBO estimated that had Congress enacted the bipartisan legislation that the Senate passed in 2013, we could have boosted real GDP by more than 5 percent and reduced the deficit by nearly $900 billion by 2033.

Today immigrants and their descendants already contribute billions of dollars in much-needed revenue each year, putting far more into the system than they get back through social programs. The U.S. Department of Health and Human Services found that refugees strengthened federal, state, and local budgets over the last decade, bringing in $63 billion more in revenue than public services used, a finding the Trump Administration tried to suppress.

Comprehensive immigration reform is not optional. It is necessary, and it is urgent. By failing to reflect our true national needs, current policies hurt our economy and prevent us from addressing some of our biggest fiscal challenges.

And let's not lose sight of who wants us to enact reform legislation. Everyone from the U.S. Chamber of Commerce, to Labor Unions, Law Enforcement, the Faith Community, the Agriculture Community, and countless other organizations and interest groups agree that immigration reform is key to our nation's future.

Today, with compelling evidence of the economic benefits of reform, I hope we will be able to add more of our colleagues to the long list of supporters.

And before I recognize the Ranking Member, I have a couple of unanimous consent requests.

I ask unanimous consent to submit four reports from the Bipartisan Policy Center entitled "Culprit or Scapegoat: Immigration's Effect on Employment and Wages"; "Recent Immigration Has Been Good for Native-Born Employment"; "Don't Neglect the Benefits of Lesser-Skilled Immigration"; and, "Worsening Labor Shortages Demonstrate Need For Immigration Reform." I ask that all four of those be placed in the record. Without objection, so ordered.

[The information follows:]

Culprit or Scapegoat?

Immigration's Effect on Employment and Wages

June 2016

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DISCLAIMER
This report is the product of the staff of the Bipartisan Policy Center's Immigration Project. The findings and conclusions expressed herein do not necessarily reflect the views or opinions of BPC's Immigration Task Force Members or BPC, its founders, its funders, or its board of directors.

Introduction

Over the past several decades, native-born Americans have become increasingly detached from the labor force, with declining rates of employment and labor force participation. Seeking explanations, many attempt to blame these trends on immigration itself, under the notion that immigrants both displace native-born workers and drive down their wages. Although superficially appealing, these arguments are ultimately overly simplistic and misguided, as they ignore several other factors driving these trends.

Our research suggests that declining native-born labor force participation is largely due to the various options native-born individuals tend to have at their disposal to pursue non-labor force activities—namely retirement, disability, and school enrollment, rather than any direct competition from immigrants. Additionally, native- and foreign-born individuals tend to work in different industries. A majority of the predominantly foreign-born industries are composed of lesser-skill, lower-wage occupations, some of which have seen strong employment growth in recent years, and have even suffered from labor shortages. Given that native-born workers tend to have overall higher levels of skills and educational attainment than immigrants, it is unclear that a sufficient number of workers would flock to these positions in the absence of immigration. Indeed, research indicates that immigrants play a vital role in supplementing the labor force, filling jobs that would otherwise remain vacant or disappear. Finally, with regard to wages, it is true that immigrant-heavy industries do tend to pay considerably less than native-born industries. However, this is largely because the majority of occupations in these industries have lower educational and skill requirements—not because of immigration itself.

Labor Market Participation Trends

American workers are becoming increasingly detached from the labor market. Between 2000 and 2015, the percentage of the population age 16 and older holding a formal job decreased from 65 to 60 percent. These declines have been particularly pronounced among native-born individuals, who realized a six percentage point drop in employment over this period—from 65 percent to 59 percent. Meanwhile, foreign-born workers saw just a two percentage point decrease—from 64 percent to 62 percent (Figure 1).[1]

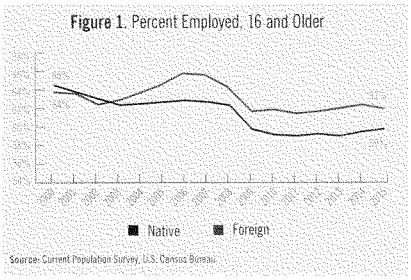


Figure 1. Percent Employed, 16 and Older

Source: Current Population Survey, U.S. Census Bureau.

The same holds true for labor force participation, which includes both individuals who are employed and those who are actively seeking work.[2] Between 2000 and 2015, native-born individuals realized a five percentage point drop in labor force participation, from 67 to 62 percent, while the foreign-born population saw a two percentage point decrease, from 67 to 65 percent (Figure 2).[3]

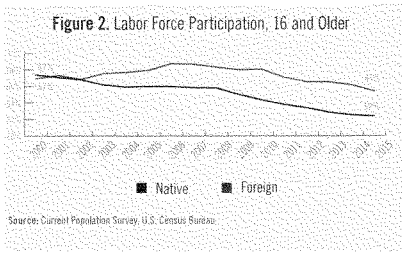


Figure 2. Labor Force Participation, 16 and Older

Source: Current Population Survey, U.S. Census Bureau.

However, despite this divergence, *unemployment* between native- and foreign-born individuals has remained steady within a few tenths of a percentage point. Unemployment is determined by counting those who are out of work but have actively sought employment within the last four weeks.[4] In 2000, native-born unemployment stood at 4 percent, compared to 4.3 percent for the foreign-born. By 2015, native-born unemployment had increased to 5.4 percent, compared to 5.0 percent for the foreign-born (Figure 3).

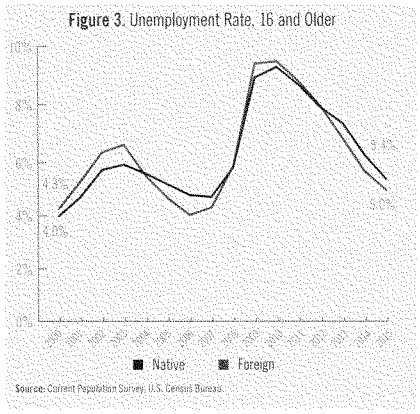


Figure 3. Unemployment Rate, 16 and Older

Source: Current Population Survey, U.S. Census Bureau.

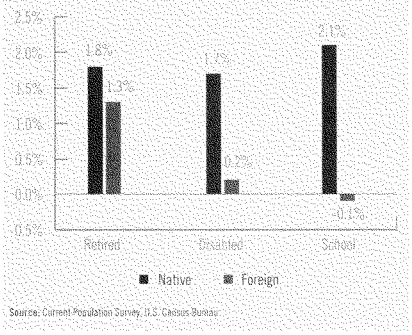
Native-Born Options: Retirement, Schooling, Disability

If immigration were the root cause of declining native-born employment, one would expect the foreign-born population to have a significantly lower unemployment rate, which is not the case. Rather, declining native-born employment is due to the fact that many of these individuals have exited the labor force to retire, enroll in school, or enter disability. Recent research by George Borjas has found that foreign-born men—particularly

undocumented immigrants—have a far higher propensity to work than their native-born counterparts.[6] Indeed, foreign-born individuals often lack many options and choices that are available to native-born Americans. As shown below, immigrants tend to have far lower savings, are less likely to qualify for federal disability programs, and face barriers to higher education enrollment.

Between 2000 and 2015, disability and retirement increased by 1.7 and 1.8 percentage points, respectively, among the native-born population, while school enrollment rose by 2.1 percentage points. Meanwhile, these changes were less significant among the foreign-born population. Although retirement increased by 1.3 percentage points—largely the result of an aging population—disability and school enrollment remained essentially flat, increasing by just 0.2 and -0.1 percentage points, respectively (Figure 4).[7]

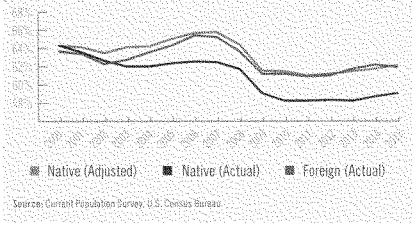
Figure 4. Percentage Point Change in Retirement, Disability and School Enrollment, Native- and Foreign-Born, 2000-2015



Source: Current Population Survey, U.S. Census Bureau

Ultimately, if native-born individuals exhibited the same change in rates of retirement, school enrollment and disability as foreign-born persons over the last 15 years, the native-born employment rate would be almost identical to the foreign-born rate.

Figure 5. Foreign-Born and Native-Born Employment Rate



Source: Current Population Survey, U.S. Census Bureau

Figure 5 displays the foreign- and native-born employment rates, as well as an "adjusted" native-born employment rate, which assumes an identical rate of change in retirement, disability, and schooling among foreign- and native-born individuals. In this adjusted scenario, the unemployment rates for both demographics are left unchanged, as are the rates of change among individuals leaving the labor force for other reasons.

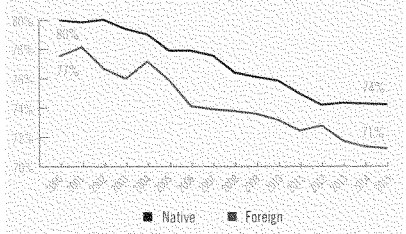
Under the adjusted rate, native-born employment decreases by 2.4 percentage points—from 64.7 to 62.3 percent—between 2000 and 2015. This is very close to the decrease in actual foreign-born employment that occurred over this time— it dropped by 1.9 percentage points, from 64 to 62.1 percent—and suggests that changes in school enrollment, disability, and retirement accounted for the vast majority of the decline in native-born employment.[8]

RETIREMENT

The retirement rate has increased over the past 15 years, a trend due almost entirely to the aging of both the native- and foreign-born populations. Between 2000 and 2015, the portion of adults in retirement increased from 15.6 to 17.2 percent of the adult population, and the percentage of the adult population age 65 and older increased from 15.6 to 18.5 percent. However, older Americans have also increasingly decided to delay retirement in recent years. Between 2000 and 2015, the percent of retired older Americans (age 65 and older) decreased from 79 to 74 percent of the older population.

Older foreign-born individuals have been consistently less likely to retire over the past 15 years than their native-born counterparts, although the retirement rate for both of these groups has dropped by around 6 percentage points since 2000.[9]

Figure 6. Retirement Rate, 65 and Older



Source: Current Population Survey, U.S. Census Bureau

It is unsurprising that foreign-born workers are less likely to enter retirement. The immigrant population tends to have far less in savings and is less likely to qualify for full Social Security benefits. At the median, married immigrant couples ages 65 to 74 have 43 percent less comprehensive wealth than their native-born counterparts, at around $685,000 compared to around $1.2 million.[10] Similarly, the median native-born married couple in this age cohort has around ten times more in financial assets than the median immigrant couple, at around $112,000 compared to $11,000.[11]

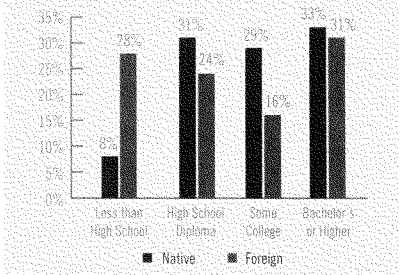
Immigrants also tend to accrue less in Social Security benefits over the course of their lives. Eligibility requirements stipulate that workers must have at least 40 quarters of covered earnings in order to qualify for Social Security. This is more difficult to attain for those who have spent fewer years in the country, as well as for those who have spent time working off the books. Moreover, Social Security benefits are calculated based on workers' 35 highest-earning years. This means that foreign-born workers are likely to receive a lower benefit relative to native-born workers even if they earn the same annual salary, as they are more likely to have spent fewer years in the U.S. labor force. Even those who have contributed to Social Security may find that they are ineligible for benefits if they do not meet minimum working year requirements.[12] Similarly, those without lawful status are unable to claim any payments made into the system while unauthorized. The Social Security Administration estimated that in 2010, Social Security payroll taxes collected from undocumented workers exceeded benefits paid by $12 billion.[13]

SCHOOL ENROLLMENT

Between 2000 and 2015, school enrollment increased from 4.6 to 6.3 percent among the general adult population. This trend was driven by native-born individuals, who realized a 2.1 percentage point increase in enrollment over this period. Among the foreign-born, enrollment decreased slightly, by 0.1 percentage points.[14]

These disparities should come as little surprise; native-born Americans tend to have higher levels of degree attainment overall. 62 percent of the native-born workforce age 25 and older has completed at least some college, compared to 47 percent of the foreign-born labor force. Similarly, 8 percent of native-born workers hold less than a high school diploma, compared to 28 percent of foreign-born individuals (Figure 7).[15]

Figure 7. Educational Attainment in 2015, Age 25 and Older

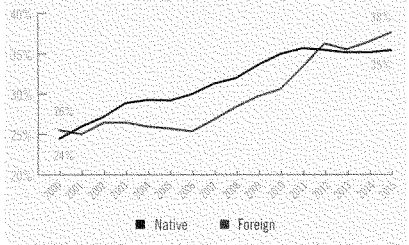


Source: Current Population Survey, U.S. Census Bureau

One possible reason for these discrepancies is that immigrants can face significant obstacles to education enrollment, including proficiency in English. Additionally, the quality and quantity of the schooling foreign-born individuals receive in their home country may affect their decision to enroll in high school or to pursue higher education in the United States. Research from the American Council on Education indicates that postsecondary attainment can be difficult for Hispanic immigrants in particular, due to residency, legal status, and language barriers.[15]

However, in contrast with the general immigrant population, education enrollment among young foreign-born individuals (16-24 year olds) has seen large increases over the past 15 years. Between 2000 and 2015, foreign-born enrollment in this age group increased by 12 percentage points, from 26 to 38 percent, barely outpacing native-born enrollment, which increased by 11 percentage points, from 24 to 35 percent (Figure 8).[17]

Figure 8. Percent of 16-24 Year Olds in School



Source: Current Population Survey, U.S. Census Bureau

This trend can be explained by several factors. For one, international student enrollment at U.S. universities has exploded over the past decade, with student visa issuance almost tripling between 2003 and 2013, from around 660,000 to 1.67 million.[18] At the same time, the unauthorized population has been tapering off in recent years, decreasing from 12.2 million to 11.3 million between 2006 and 2013.[19] The decline in unauthorized immigrants—who are less likely to enroll in higher education—coupled with the increase in student visas could be a driving force behind the increase in foreign-born enrollment. Furthermore, as evidenced by Figure 8, much of the increase in foreign-born enrollment occurred during the Great Recession, which led to heavy job losses and increased school enrollment among young Americans in general.

Finally, the more recent enrollment increases among foreign-born individuals could be in part driven by the Deferred Action for Childhood Arrivals program (DACA), which was created by executive action in June 2012. DACA offers protection from deportation for unauthorized immigrants who entered the United States before age 16 and allows them to obtain work authorization and a Social Security number.[20] Some states even grant these individuals the right to obtain state ID cards and driver's licenses.[21] These benefits can assist in post-secondary school enrollment and attendance, allowing them to work to pay for tuition and drive to classes. Additionally, over the last 15 years, 20 states have passed legislation or policy changes to offer in-state college tuition to unauthorized immigrants who reside in the state.[22]

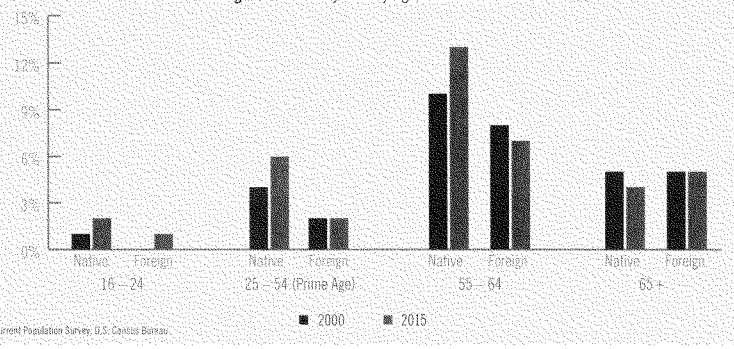
DISABILITY CLAIMS

Native-born individuals are also far more likely to exit the labor force due to a disability, a trend that has increased in recent years. Among individuals age 16 and older, the rate of disability increased from 4 percent to 6 percent among native-born individuals between 2000 and 2015, while remaining flat among the foreign-born population, at 3 percent.

Older individuals are more likely to become disabled than younger individuals. Between 2000 and 2015, the disability rate increased by 3 percentage points among 55-64 year-old native-born Americans, from around 10 to 13 percent, while decreasing among foreign-born individuals, from 8 to 7 percent.[23]

One explanation for this trend is that native-born Americans are more likely to qualify for two federal disability programs: Social Security Disability Insurance (SSDI), and Supplemental Security Income (SSI). SSDI pays claims to disabled workers using funds collected through payroll taxes. SSDI benefits are limited to workers who have banked enough work credit-hours, a threshold that increases with age and usually amounts to about 25 percent of their lives or five out of the last ten years.[24] Foreign-born workers may be less likely to meet credit-hour minimums due to shorter times spent in the U.S. labor market. SSI is a benefit provided to *low-income* individuals with a disability and is more restrictive than SSDI with regard to immigrant eligibility. In general, only U.S. citizens and lawful permanent residents are eligible for SSI, although exceptions are made for certain non-citizens, such as asylees, refugees, and individuals who were granted temporary legal status under the Immigration Reform and Control Act of 1986.[25,26] That said, the vast majority of non-citizens are still unable to qualify for SSI, which could be a contributing factor to the lower rates of disability among foreign-born workers.[27,28]

Figure 9. Disability Rate by Age, 2000 and 2015



Source: Current Population Survey, U.S. Census Bureau.

Industry and Occupational Differences Between Native- and Foreign-Born Workers

Not only are foreign-born individuals less likely to exit the workforce, but a sizable percentage also work in different industries than native-born workers, industries which tend to be composed of lesser-skilled, lower-wage occupations.[29]

Table 1 displays seven industries that collectively employ close to half of the foreign-born workforce—but just over a quarter of native-born workers (herein referred to as "foreign-born industries").[30]

Table 1. Foreign-Born Industries, 2015

Industries	Native-Born	Foreign-Born
Building and Grounds Cleaning and Maintenance	2.9%	8.4%
Computer and Mathematical	2.7%	4.3%
Construction and Extraction	4.4%	9.0%
Farming, Fishing, and Forestry	0.5%	1.8%
Food Preparation and Serving	5.1%	7.1%
Production	5.3%	7.9%
Transportation and Material Moving	5.9%	7.5%
Total	26.7%	46.1%

Source: Current Population Survey, U.S. Census Bureau

Table 2 shows seven industries that employ over half of the native-born workforce, but just around a third of foreign-born workers (herein referred to as "native-born industries").

Table 2. Native-Born Industries, 2015

Industries	Native-Born	Foreign-Born
Business and Financial Operations	5.0%	3.5%
Community and Social Services	1.9%	0.9%
Education, Training, and Library	6.5%	3.5%
Management	12.1%	8.1%
Office and Administrative Support	12.8%	8.0%
Protective Service	2.3%	0.9%
Sales and Related	10.9%	8.6%
Total	**51.6%**	**33.6%**

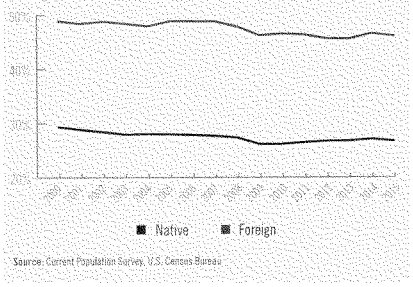
Source: Current Population Survey, U.S. Census Bureau

In general, foreign-born workers are twice as likely to work in construction and extraction, and they are over three times as likely to be employed in farming, fishing, and forestry. On the other hand, native-born workers tend to work disproportionately in an office environment, whether in sales, management, or in administrative positions.

These trends have remained relatively constant since 2000. Figure 10 plots native- and foreign-born employment in the foreign-born industries. Between 2000 and 2015, foreign-born employment in these occupations declined modestly, from 49 to 46 percent, while native-born employment decreased by just two percentage points, from 29 to 27 percent.

Similarly, Figure 11 displays employment over time in the native-born industries and finds a similar pattern. Between 2000 and 2015, both native- and foreign-born employment in these industries remained flat, at 52 and 34 percent, respectively.

Figure 10. Employment in Foreign-Born Industries, 2000–2015



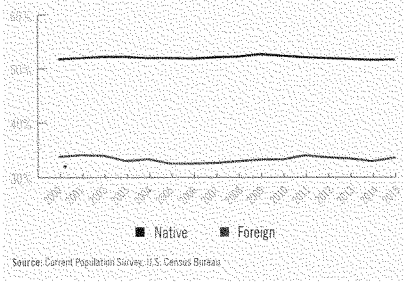
Source: Current Population Survey, U.S. Census Bureau

Industry Job Growth Over Time

As a whole, the native-born industries have seen slightly larger increases in employment since 2000—at around 0.5 percent annual growth, compared to 0.1 percent growth in the foreign-born industries. However, job creation has varied greatly by industry, with each uniquely affected by the global financial crisis.

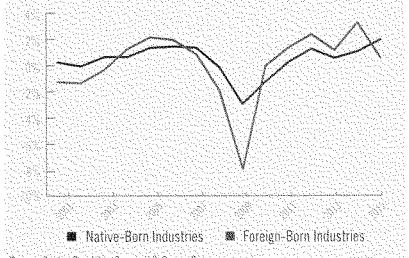
Prior to the Great Recession, the native-born industries enjoyed slightly higher rates of annual employment growth, at around 0.8 percent per year between 2000 and 2007, compared to 0.5 percent for the foreign-born industries. However, the foreign-born industries suffered far steeper employment losses during the

Figure 11. Employment in Native-Born Industries, 2000–2015



Source: Current Population Survey, U.S. Census Bureau

Figure 12. Year-on-Year Percent Change in Employment in Foreign- and Native-Born Industries, 2000-2015



Source: Current Population Survey, U.S. Census Bureau

Great Recession. Between 2008 and 2009, foreign-born industry employment decreased by 7.9 percent, compared to a 2.9 percent decrease in the native-born industries. However, since 2011, both the foreign- and native-born industries have bounced back, with a 1.9 percent annual growth rate for the foreign-born industries, and a slightly lower 1.2 percent annual growth rate in the native-born industries between 2011 and 2015.[31]

The steeper foreign-born industry job losses during the Great Recession could be because these occupations are generally of the lesser-skilled variety. Research indicates that lesser-skilled jobs tend to have lower turnover costs (such as those for hiring and training), which means that they are less expensive to shed in tough economic times. According to research from the Center on Wage and Employment Dynamics at the University of California at Berkeley, turnover costs for "professional and managerial employees" can be up to 250 percent greater than turnover costs for "blue collar and manual labor workers."[32] Similarly, research from the Center for American Progress has found that turnover costs among workers earning $30,000 or less annually stand at around 16.1 percent of their annual salary, compared to 20.4 percent for those who earn $75,000 or less.[33] In a similar vein, the relatively stronger post-recession performance among the foreign-born industries could be driven by the same cyclical forces. Because these industries suffered relatively steeper job losses during the Great Recession, they may have also experienced stronger job growth as the economy recovered.

Tables 3 and 4 display an industry-level breakdown of annual job growth from 2000 to 2015 in the foreign- and native-born industries and better illuminate the above trends. The relatively steeper job losses in the foreign-born industries during the Great Recession can also be explained by the housing crash—which rocked the construction industry—as well as a decline in manufacturing, which led to job declines in production occupations.[34,35] Employment in construction and extraction decreased by 9 percent per year between 2008 and 2010, while production occupations decreased by 5.6 percent annually. In contrast, foreign-born industries as a whole saw a 4.1 percent average annual decline over this period.[36]

Table 3. Annual Job Growth in Foreign-Born Industries, 2000–2015

Industries	2000-2007	2008-2010	2011-2015
Building and Grounds Cleaning and Maintenance	1.5%	-1.1%	1.0%
Computer and Mathematical	0.5%	-2.0%	4.9%
Construction and Extraction	3.3%	-9.0%	1.8%
Farming, Fishing and Forestry	-2.8%	-0.1%	1.8%
Food Preparation and Serving	2.0%	-1.1%	1.3%
Production	-2.8%	-5.6%	1.1%
Transportation and Material Moving	0.3%	-3.7%	2.3%
Total	0.5%	-4.1%	1.9%

Source: Current Population Survey, U.S. Census Bureau

With regard to native-born industries, office and administrative support, sales, and management occupations saw the largest annual employment declines during the Great Recession. Management was the only one of the three to see robust employment growth in the years since. From 2011 to 2015, employment in management occupations grew by 2.7 percent annually, compared to 0.2 percent for office and administrative support, and 0.6 percent for sales occupations. In 2015 alone, employment in management occupations expanded by 4.9 percent, and was in part responsible for the strong employment gains for native-born industries in 2015 (Figure 12).[37]

Table 4. Annual Job Growth in Native-Born Industries, 2000–2015

Industries	2003-2007	2008-2010	2011-2015
Business and Financial Operations	2.1%	-2.2%	2.9%
Community and Social Services	2.4%	1.0%	2.5%
Education, Training, and Library	2.3%	0.1%	0.8%
Management	1.1%	-2.7%	2.7%
Office and Administrative Support	-0.7%	-3.2%	0.2%
Protective Service	2.5%	3.9%	-0.8%
Sales and Related	0.9%	-2.8%	0.6%
Total	0.8%	-2.1%	1.2%

Source: Current Population Survey, U.S. Census Bureau

A common refrain from immigration skeptics is that immigrants displace native-born workers and stunt employment growth in industries that disproportionately employ foreign-born workers. However, the data indicate otherwise. Not only have the foreign-born industries seen stronger employment growth than their native-born counterparts since 2011, but several key foreign-born industries continue to be plagued by labor shortages. Recent surveys suggest that 86 percent of construction firms report challenges filling hourly and salaried positions and most expect this trend to continue in the near future.[38] While the construction market has recovered significantly since the economic downturn of 2007, industry leaders report over 675,000 fewer available workers in residential construction alone.[39] Similar shortages plague the agriculture industry. From 2002 to 2014, the number of field and crop workers decreased by 20 percent as the industry lost 146,000 full-time equivalent workers, resulting in significant labor shortages.[40] Worker shortages have contributed to declining revenues in the labor-intensive production of fruit and vegetables, which have lost over $3 billion a year.[41] Contributing to these losses are the declining number of immigrants entering the country from Mexico, who comprise a majority of farm workers in the United States.[42] Between 2007 and 2014, the number of Mexican immigrants living in the United States has declined from 12.8 million to 11.7 million, the result of 1 million fewer undocumented workers entering the country and growing numbers of immigrants returning to Mexico.[43]

Strong employment growth and labor shortages call into question the belief that limiting immigration creates more opportunities for native-born workers, especially when one considers that the native- and foreign-born unemployment rates have remained very close over the past 15 years. Rather, the trends indicate that foreign-born workers play a valuable role in plugging labor shortages.

Indeed, the existing research strongly favors the conclusion that immigration has little to no negative impact on employment. Rather, the belief that immigration is the cause of declining employment rests on an often-referenced but ultimately erroneous belief that economies produce and sustain a fixed number of jobs—that every job taken by an immigrant must equate to an unemployed native-born worker. Known as the "lump of labor fallacy," this theory has been largely discredited by a significant body of economic research. In fact, textbook economics indicates that immigration can actually

spur job creation, as population growth boosts aggregate demand, leading to economic growth and employment opportunities.

Indeed, Longhi, Nijkamp, and Poot addressed these issues in their 2010 analysis of *Joint Impacts of Immigration on Wages and Employment* and found that immigration can benefit the economy at large by raising productivity and the rate of return on capital.[44] Overall, they found immigration to have a very small effect on the employment of native-born workers, accounting for a .011 percent loss of employment for every 1 percent increase in immigrant workers. Similarly, Michael Greenstone and Adam Looney of the Brookings Institution have found that immigrants complement native-born workers and increase their productivity.[45] A paper by Harry Holzer of Georgetown University echoes this belief, and a study from the San Francisco Federal Reserve Board found no evidence that immigrants displace U.S. workers.[46,47]

Wages Based Largely on Skill-Requirements, not Presence of Immigrants

Occupations in predominantly foreign-born industries tend to be lesser-skilled, generally carrying lower educational requirements and therefore a lower prevailing wage than occupations in native-born industries. This could be another driving factor behind labor shortages in foreign-born industries. Given that native-born individuals tend to have higher levels of educational attainment and a greater ability to opt-out of the labor force, they could be less willing to take an available position in a lesser-skilled industry that might pay less.

Table 5 displays the median annual salaries in the foreign- and native-born industries, showing wide discrepancies between the two. Five of the seven foreign-born industries have a median annual salary of under $40,000, compared to just three of the native-born industries. Similarly, the average of the seven median annual salaries in the native-born industries stands at around $50,000 annually, compared to just $36,000 for the foreign-born industries.[48]

Another common refrain among those calling for lower immigration levels is that immigration increases the supply of cheap labor, which leads to lower wages in the foreign-born industries. However, the academic research contends that this effect is small and limited to lesser-skilled workers—if it exists at all. In fact, Ottaviano and Peri analyzed the long-run effects of immigration on U.S. wages, and found it to be slightly positive for native-born workers (+0.6

Table 5. Median Annual Salary, Foreign- and Native-Born Industries, 2015

Foreign-Born Industries		Native-Born Industries	
Building and Grounds Cleaning and Maintenance	$23,860	Business and Financial Operations	$65,710
Construction and Extraction	$42,280	Community and Social Services	$42,010
Computer and Mathematical	$81,430	Education, Training, Library	$47,220
Farming, Fishing, and Forestry	$21,760	Management	$98,560
Food Preparation and Serving	$19,580	Office and Administrative Support	$33,200
Production	$32,250	Protective Service	$37,730
Transportation and Material Moving	$30,090	Sales and Related	$25,660
Average of Median Values	$35,893	Average of Median Values	$50,013

Source: National Occupational Employment and Wage Estimates, Bureau of Labor Statistics.

percent overall). However, their research noted that there could potentially be negative long-run effects on native-born workers with low educational attainment, ranging from -2.1 percent to +1.7 percent.[49] Earlier research by Peri and Sparber estimated that immigration leads to a 0.2 percent reduction in the wages of lesser-skilled native-born workers.[50] Similarly, Card found that immigrants' impacts on wages were small, and that technology, institutional changes, and the overall macroeconomic environment have a much more significant impact on wage growth than immigration.[51]

An alternative explanation for lower wages in the foreign-born industries is the simple fact that a majority of these occupations tend to be lesser-skilled, requiring lower levels of education (which is a proxy for skills). As stated previously, foreign-born workers tend to have less educational attainment, and high-skill jobs can pay a high premium.

Tables 6 and 7 display the entry-level education requirements among all of the occupations within the native- and foreign-born industries, and show that the foreign-born industries have far lower educational requirements. In total, 90 percent of the occupations in the foreign-born industries require only a High School diploma or less, compared to 40 percent of occupations in the native-born industries. Conversely, 54 percent of native-born industry occupations require a bachelor's degree or higher, compared to just 6 percent of foreign-born occupations. Notably, the vast majority of occupations requiring a bachelor's degree or higher in the foreign-born industries come from a sole industry—computer and mathematical occupations.[52]

Similarly, foreign-born industries generally require a lower level of English language proficiency compared to their native-born counterparts. The Occupational Information Network (O*Net) is a Department of Labor database that analyzes the skills demanded by hundreds of occupations, rating them on a scale of importance from zero to 100. A zero means that the given skill is unimportant for that occupation, and a 100 means that it is vital. Table 8 uses O*Net to look at the average importance of written and spoken language skills in the foreign- and native-born industries, specifically "oral and written comprehension" (the ability to understand spoken and written language), and "oral and written expression" (the ability to communicate through spoken language and writing). As evidenced by the table, these four skills are far more important for the native-born industries, which score an average of around 20 points higher than the foreign-born industries. This is particularly true for "written expression," which scores a 68 for native-born industries, versus a 43 for foreign-born ones.[53]

Table 6. Education Requirements, Native-Born Industries

Industries	None	High School Diploma	Some College	Bachelor's	Master's, Doctoral or Professional Degree
Business and Financial Operations	3%	6%	3%	88%	0%
Community and Social Services	0%	11%	0%	50%	39%
Education, Training, and Library	0%	2%	5%	29%	65%
Management	0%	21%	3%	71%	6%
Office and Administrative Support	2%	89%	5%	4%	0%
Protective Service	9%	73%	14%	5%	0%
Sales and Related	32%	55%	0%	14%	0%
Native-Born Industries	**4%**	**36%**	**4%**	**34%**	**20%**

Source: Employment Projections Program, Bureau of Labor Statistics

Table 7. Education Requirements, Foreign-Born Industries

Industries	None	High School Diploma	Some College	Bachelor's	Master's, Doctoral or Professional Degree
Building and Grounds Cleaning and Maintenance	50%	50%	0%	0%	0%
Computer and Mathematical	0%	0%	16%	68%	16%
Construction and Extraction	45%	55%	0%	0%	0%
Farming, Fishing and Forestry	47%	47%	0%	7%	0%
Food Preparation and Serving	83%	11%	6%	0%	0%
Production	15%	83%	2%	0%	0%
Transportation and Material Moving	33%	56%	10%	2%	0%
Foreign-Born Industries	**31%**	**59%**	**4%**	**5%**	**1%**

Source: Employment Projections Program, Bureau of Labor Statistics

Ultimately, the disparate skill requirements in the foreign- and native-born industries call into question the assumption that immigration itself is the cause of low wages. Rather, these discrepancies stem from the fact that occupations in the foreign-born industries tend to require lower levels of educational attainment and education-related skills (such as written expression and comprehension), which means that they command a lower wage than their native-born counterparts.

Immigration: Culprit or Scapegoat?

With employment down among native-born individuals, and foreign-born industries characterized by low wages, it is easy to see why many Americans view immigration as an economic ailment. However, this view suffers from the error of assuming that correlation equals causation. Immigration is not the cause of declining native-born employment simply because foreign-born individuals are more likely to be employed. Rather, declining employment can be attributed to the alternatives to work that native-born individuals have at their disposal—namely retirement, disability insurance, and school enrollment. Similarly, foreign-born industries carry low wages not principally because they employ immigrants, but because they have lower educational requirements and therefore attract immigrants who also have overall lower education levels. In the absence of immigration, it is unlikely that these positions would be filled by native-born workers, who tend to have higher levels of educational attainment, and can more easily retire or return to school. Indeed, many of these lesser-skilled industries are already suffering from labor shortages, despite a reduction in native-born employment. In the absence of immigration, this problem would likely be exacerbated, hindering economic growth and doing little to improve native-born employment.

Ultimately, immigration can be a vital ingredient for a dynamic American economy. Immigrants do not harm the native-born workforce—they complement and enhance it.

Table 8. Oral and Writing Skills Required in Foreign- and Native-Born Industries

	Native-Born	Foreign-Born
Oral Comprehension	75	59
Oral Expression	77	56
Written Comprehension	72	50
Written Expression	68	43

Source: Occupational Information Network, O*Net, U.S. Department of Labor

Appendix: Data Sources

The data in this report came primarily from three sources: the U.S. Census Bureau's Current Population Survey (CPS), The U.S. Bureau of Labor Statistics (BLS), and the Occupational Information Network (O*Net).

The CPS provided data regarding labor force participation, age and citizenship, which were accessed through DataFerrett, the Census Bureau's data analysis and extraction tool. Annual numbers represent the average of the 12 months in each year. Levels of employment, unemployment, disability, and retirement were derived via the PEMLR variable, and school enrollment was derived via the PENLFACT variable. These two variables were cross-tabulated with PRTAGE—which looks at the age of the respondent—and PRCITSHP—which looks at citizenship status. In addition, the CPS provided data on industry-level employment broken down by foreign- and native-born workers, although this was accessed via the BLS. Finally, educational attainment by foreign- and native-born populations was provided via the 2015 CPS Economic Supplement.

The BLS provided industry-level wage data through its National Occupational Employment and Wage Estimates and provided entry-level education requirements through its Employment Projections Program. Finally, O*Net provided data on industry-level skill requirements.

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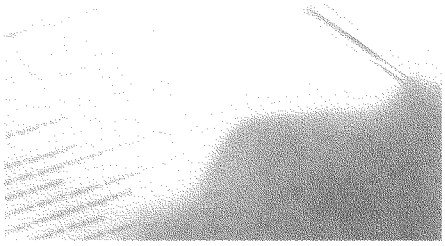
Recent Immigration Has Been Good for Native-Born Employment

June 2018

Ryan D. Edwards, Ph.D & Mao-Mei Liu, Ph.D



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Introduction

Groups in favor of reducing immigration often voice the concern that immigrants compete with native-born Americans for jobs, and that this competition reduces the rates at which native U.S. workers are employed. This perspective often stems from the basic economic law of supply and demand in which an increase in the supply of workers should push down wages or produce unemployment when other things are held constant.

It is true that the laws of supply and demand apply to all participants in the U.S. economy; all residents, businesses, workers, and owners of capital must reckon with the market conditions where they operate. But U.S. workers are not a monolithic group, nor are U.S. businesses, consumers, or immigrants. While many immigrants have low levels of education compared to natives, some possess advanced degrees. Similarly, U.S. workers are a diverse group. Not all U.S. workers compete with immigrant labor; some are coworkers or supervisors who benefit from their presence. In reality, combinations and adjustments in the economy means that the actual impact of immigration on U.S. jobs could be negative, could be zero, or could even be positive if immigration expands new business opportunities by stimulating demand. We need to examine real-world data in order to reveal the true story about the impact of immigration on the U.S. job market.

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When we examined trends in employment rates of native U.S. workers compared to trends in foreign-born shares of the local labor force between 2005 and 2016, we found that employment rates for native workers actually rose by a small amount when more immigrants arrived.

When we examined trends in employment rates of native U.S. workers compared to trends in foreign-born shares of the local labor force between 2005 and 2016, we found that employment rates for native workers actually rose by a small amount when more immigrants arrived. This pattern held true across a diverse set of U.S. regions and did not reflect any exodus of native workers from the labor force. The data show that the presence of immigrant labor coincided with enhanced employment opportunities for native workers during this period, meaning that the arrival of these individuals does not reduce native employment rates.

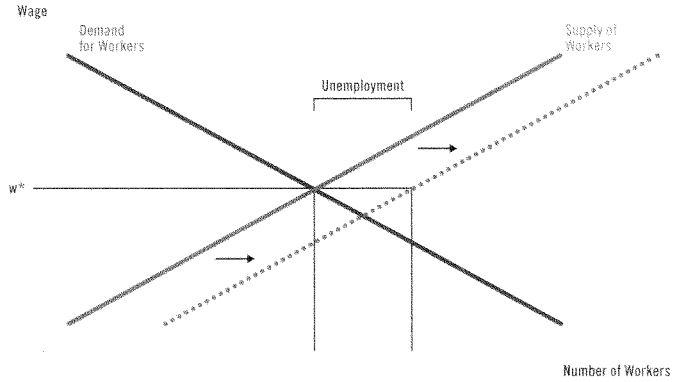
These results have significant implications for the policy debate around immigration. While economic vulnerability among U.S. workers and families is a real phenomenon, our finding—especially the fact that immigration does not coincide with lower native employment rates—should lead to a reassessment of policies that seek to restrict immigration because of an assumption that immigrants take jobs from native workers. We believe that policymakers should approach reforms to immigration policy based on the evidence, which does not show significant job effects of immigration.

Basic Economic Theory

Sometimes policymakers and interest groups who are opposed to immigration voice the concern that immigrant workers will cost Americans jobs, as if there is a fixed and unchanging number of available jobs. In this view, immigrant workers by their very presence must be taking jobs away from native workers. This popular misconception, often called the "Lump of Labor Fallacy," is implicitly held in many spheres of public policy, but is uniformly rejected by economists across the political spectrum.[3] A compelling counterexample in the U.S. is the monumental rise of female labor force participation from 32% to 60% between 1950 and 2000, which did not reduce male employment by the same amount over this period.[1]

Economic theory begins with the reality that workers supply labor in markets, where competing and complementary factors like other similar workers, managers, subordinates, and technology all play important roles. Simple economic theory suggests that without any shift in the demand for workers, an increase in the supply of workers should either reduce wages or raise unemployment. This dynamic is illustrated in Figure 1A below, where w* indicates the original equilibrium wage at which all workers looking for work could find a job, and the labor supply curve has shifted outward to the right because of the arrival of immigrant workers. The new intersection of supply and demand implies that wages should fall, and that if workers cannot afford to work for less than the original wage, unemployment will increase instead.

Figure 1A. An Increase in the Supply of U.S. Workers

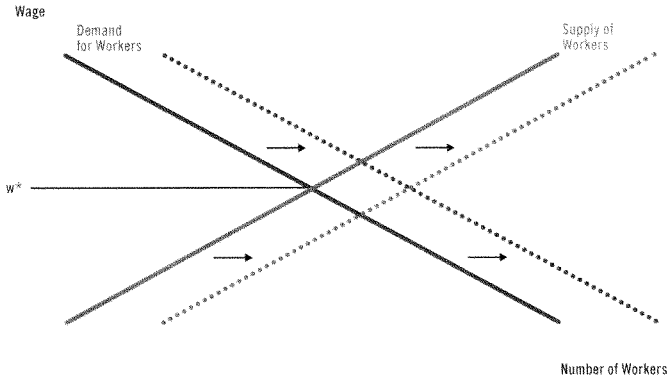


This reasoning is sound but potentially incomplete. First, the arrival of immigrant workers could prompt U.S. businesses to invest in new capital, acquiring more equipment, structures, and machinery to complement the additional labor. Second, the arrival of immigrant workers could make native U.S. workers more productive, if immigrants' skills and talents are more complementary with those of natives rather than being direct copies. For example, the availability of immigrant labor could enhance the productivity of natives through more efficient division of tasks and responsibilities

[3] For a view from the right, see John F. Cochrane, "Trade and Immigration," Chapter 9 in George P. Shultz, ed., *Blueprint for America* (Palo Alto: Hoover Institution, 2016), 109–125. Available at: https://www.hoover.org/sites/default/files/research/docs/george_shultz_blueprint_for_america_ch9.pdf. For a view from the left, see Paul Krugman, "Lumps of Labor," *The New York Times*, October 7, 2003. Available at: https://www.nytimes.com/2003/10/07/opinion/lumps-of-labor.html.

between them, playing to the unique strengths of each.[6] Both of these scenarios suggest that immigration might increase the demand for U.S. workers by making them more productive. Figure 1B shows the two dynamics together, which could either raise or lower native employment and wages, depending on the size of these two effects.

Figure 1B. Increases in the Supply and Demand for U.S. Workers



There are many examples of economic phenomena where simple theory is equivocal. The sea-change in women's work during the second half of the 20th century is one such example. If only large increases in female labor supply were occurring, the simple model would predict large reductions in wages for men and for subsequent younger cohorts of women. History has shown the reverse to be the case. The demand for labor must have shifted strongly outward due to advancing technology and ostensibly to new complementarities in production between male and female workers.

Another famous example is the case of the college wage premium, which is a persistently large bonus in the earnings of U.S. workers who hold a four-year college degree compared to other workers.[7] Despite sustained increases both in the absolute number and relative share of workers with a college degree over the past several decades, the college premium remains large. This pattern implies that a significant increase in the demand for college-educated workers must have coincided with the expansion in their supply, and it must be continuing.[7]

Simple economic theory alone cannot reveal or model these nuances of reality. Rather, it is the application and testing of a variety of theoretical perspectives with observed patterns in the data that reveal the truth.

Before we describe our analytical framework and our results, we discuss the data that we examine and the broad contours of recent patterns in U.S. immigration that they reveal.

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[6] For a discussion of capital investment behavior by firms and worker complementarity, see Ryan Edwards and Francesc Ortega, "The Economic Impacts of Removing Unauthorized Immigrant Workers," Center for American Progress Report 2016. Available at: https://www.americanprogress.org/issues/immigration/reports/2016/09/21/144363/the-economic-impacts-of-removing-unauthorized-immigrant-workers/. And Ryan Edwards and Francesc Ortega, "The economic contribution of unauthorized workers: An industry analysis," *Regional Science and Urban Economics* 67(2017): 119–134. Available at: http://dx.doi.org/10.1016/j.regsciurbeco.2017.09.004.

[7] For background and a discussion of recent trends, see Robert G. Valletta, "Recent Flattening in the Higher Education Wage Premium: Polarization, Skill Downgrading, or Both?" in Charles R. Hulten and Valerie A. Ramey, eds., *Education, Skills, and Technical Change: Implications for Future US GDP Growth* (Chicago: University of Chicago Press, 2016). Available at: http://www.nber.org/chapters/c13705.pdf.

Recent Trends in Immigration

The U.S. is a nation of immigrants, both in terms of its historical origins and trends in the share of the population who are immigrants. In 2016, nearly 44 million U.S. residents were foreign-born, representing 13.5 percent of the population. This is near the historical peaks of the late 19th and early 20th centuries, as shown in Figure 2A.

Figure 2B spotlights trends in recent data, especially the annual iterations of the American Community Survey (ACS) from 2005 through 2016, the most recent public release. The ACS was introduced by the U.S. Census Bureau as a replacement for the long form of the decennial census, and it contains detailed characteristics that are measured annually for about 1 percent of the U.S. population. As Figure 2B depicts, the immigrant share of the population actually plateaued and fell slightly during the Great Recession of 2007-2009 before resuming a more gradual upward climb.

Figure 2A. The foreign-born share of the U.S. population since 1850

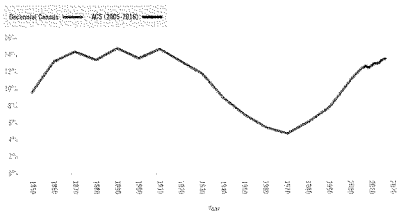
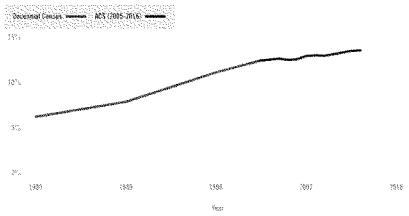


Figure 2B. The foreign-born share of the U.S. population since 1980



Note: Statistics are drawn from the decennial census up to 2000 and the American Community Survey from 2005 onward.[1]

Underneath these national trends are strikingly different levels and trends in the immigrant share across U.S. geographic regions. We can most easily visualize these when we focus on the nine geographic divisions defined by the U.S. Census Bureau.[2] Figure 3 displays the foreign-born shares of the labor force, consisting of all employed workers plus the unemployed, for each U.S. division in 2010. Although immigrants as a group differ from natives in terms of their age structure and are more likely to be of working age, regional patterns in the percent of foreign-born are similar whether we examine the total population or the labor force. Because we are concerned with labor market impacts in this study, we focus on the labor force.

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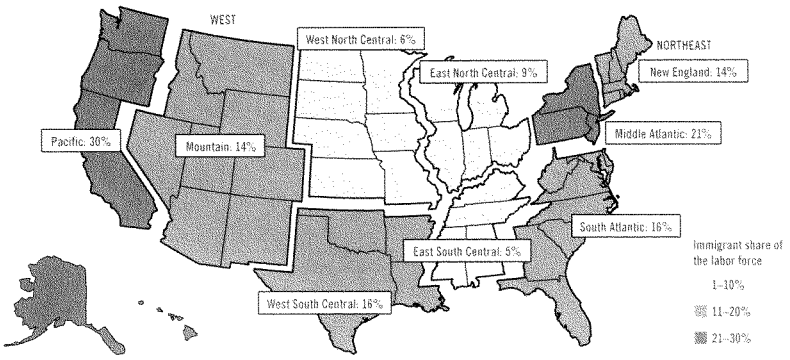
[1] Historical statistics are provided by Mary C. Waters and Marisa Gerstein Pineau, eds., *The Integration of Immigrants into American Society*, Panel on the Integration of Immigrants into American Society, Committee on Population, Division of Behavioral and Social Sciences and Education, National Academies of Sciences, Engineering, and Medicine (Washington: National Academies Press, 2015). Available at: https://www.nap.edu/catalog/21746/the-integration-of-immigrants-into-american-society; Annual data from 2005-2016 are derived by the authors from the American Community Survey extracts provided by Steven Ruggles, Katie Genadek, Ronald Goeken, Josiah Grover, and Matthew Sobek, *Integrated Public Use Microdata Series: Version 7.0* [dataset]. (Minneapolis: University of Minnesota, 2018). Available at: https://doi.org/10.18128/D010.V7.0.

[2] The Census Bureau graphically depicts regions and divisions in a map of the 50 states here: https://www2.census.gov/geo/pdfs/maps-data/maps/reference/us_regdiv.pdf

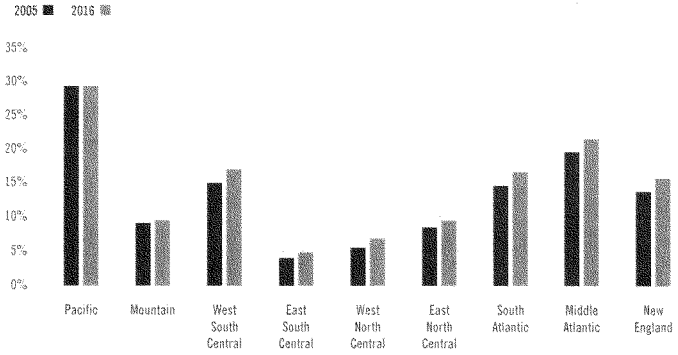
Figure 3. Foreign-born shares of the labor force across U.S. regions, 2010



Note: Statistics are drawn from the American Community Survey and displayed over original map produced by the U.S. Census Bureau.

The lowest immigrant share of the labor force across U.S. divisions in 2010 was 5 percent in the East South Central division, which consists of Alabama, Kentucky, Mississippi, and Tennessee. The highest share was 29 percent, or almost six times larger, in the Pacific division, which includes Alaska, California, Hawaii, Oregon, and Washington State. Between these extremes, the immigrant share in the other seven division still varied broadly, ranging from 6 percent in the West North Central division, which includes Iowa, Kansas, Minnesota, Missouri, Nebraska, and North and South Dakota; to 21 percent in the Middle Atlantic division, consisting of New Jersey, New York, and Pennsylvania.

Figure 4. Foreign-born shares of the labor force across U.S. divisions, 2005 and 2016



Note: Statistics are drawn from the American Community Survey.

In addition to these large differences in the immigrant share across geographic divisions, there also are large differences across divisions in how those shares are changing over time. As shown in Figure 4, the Pacific division maintained the largest share of immigrants in its labor force over the period, which was virtually unchanged at 29 percent. But other divisions with lower immigrant shares experienced large increases. Absolute percentage-point increases, visible in the differences between the two bars for each division, were largest for the Middle Atlantic division, and for the West South Central division. Those divisions began the period at 19 percent and 15 percent, respectively, and ended at 22 percent and 17 percent.

For divisions less historically accustomed to immigration like the West North Central and East South Central divisions, increases were smaller in absolute terms but very large on a proportional basis. The percent of foreign-born in the West North Central division rose 40 percent from 5 percent to 7 percent of the labor force. The East South Central division began from a smaller base share of 4 percent and experienced a similarly large percentage increase. In summary, Figure 4 reveals there are great asymmetries across the country in recent levels and changes in immigration.

These recent patterns of immigration have sometimes been called the "new geography of immigration."[9] This dynamic is often thought to be associated with an increase in economic production in suburban as opposed to dense urban areas. Whatever the cause or correlates might be, this new geography of U.S. immigration implies that areas of the country that currently receive the most immigrants do not benefit from the historical experiences of traditional immigrant-receiving areas. And if the new geography of immigration is indeed driven by the growth of employment opportunities in suburban areas, one may expect that native workers, employers, and industries in the new receiving areas are keenly aware of the presence of new immigrants and may be interested in assessing their role in the changing economy.

As we have discussed, simple economic theory is unclear on this question, and providing a full answer requires examining the data. In the next section, we explain our analytical framework and estimation approach and discuss how it mirrors the state-of-the-art in the relevant scholarly research.

Analytical Approach

If it were possible, the ideal way to assess the effect of immigration on native employment would be to examine a labor market before and after an influx of immigrant workers, and then compare what happened to a *counterfactual* case where the very same labor market was observed during the same period but without the new immigrant workers. Because this ideal comparison cannot be observed, social scientists usually seek instead to compare changes they can observe over time among labor markets that fit the characteristics of *control* and *treatment* groups, just like in a randomized medical trial.

The most famous example of a study comparing control and treatment groups in the field of immigration research is the comparison of the Miami labor market around 1980, which received a large number of Cuban "Marielitos" as refugees from the Castro regime, to a set of reasonable "control" cities during the same period.[3] By failing to find evidence of any reduction in local wages or employment in Miami relative to other cities, the original study turned conventional wisdom on its head. Academic controversy about this result continues, with much focus on narrowly defined groups of vulnerable native workers and whether the underlying data are rich enough to accurately measure their conditions.[5] Although disagreements remain, the consensus in academic thinking about the economic impacts of immigration on natives is that effects are usually small or zero and tend to vary across native characteristics.[7]

In a new study, we revisit this question by comparing a broad array of geographic labor markets "treated" with increased immigration to another broad array of labor markets that are not.[5] We use a standard statistical estimation technique and we apply it to a relatively new and rich dataset, the 12 publicly available annual waves of the American Community Survey (ACS).[4] Our technique, which is commonly used in applied social science literature, is a generalization of the method that compares changes over time among treatment and control groups to estimate the effect of the treatment, which in this case is higher immigration.

Each annual wave of the ACS provides roughly 3 million observations of residents in households. Our unit of analysis is the Public Use Microdata Area (PUMA), of which there are roughly 1,000 that do not cross state or regional boundaries. PUMAs are similar to counties (which number approximately 3,000), but are larger than the smallest counties by population. The Census Bureau designed the PUMAs in order to capture the highest geographic resolution annually, while preserving the anonymity of survey respondents.

For our study, we examine PUMAs rather than counties or other levels of geography in order to examine dynamics at the smallest geographic level possible while preserving critical variation over time and maintaining a national scope to our study. Within each PUMA, we examine how the employment rate among native workers changed with the immigrant share of the labor force. Our standard estimation technique then compares changes in the native employment rate within geographic labor markets that are treated by more immigration to changes in native employment within markets where there are different or no changes in immigration. By holding constant other measured influences on employment, the technique then ascribes the observed difference to immigration.

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[7] Two reports of expert panels convened by the National Academies of Sciences on the subject speak with largely the same voice on the state of the scientific literature: James P. Smith and Barry Edmonston, eds., *The New Americans: Economic, Demographic, and Fiscal Effects of Immigration*, Panel on the Demographic and Economic Impacts of Immigration, Committee on Population and Committee on National Statistics Commission on Behavioral and Social Sciences and Education, National Research Council, (Washington: National Academy Press, 1997). Available at: https://www.nap.edu/catalog/5779/the-new-americans-economic,-demographic-and-fiscal-effects-of-immigration. And Francine D. Blau and Christopher Mackie, eds., *The Economic and Fiscal Consequences of Immigration*, National Academies of Sciences, Engineering, and Medicine. (Washington: National Academies Press, 2017). Available at: https://www.nap.edu/catalog/23550/the-economic-and-fiscal-consequences-of-immigration.

[8] The method is panel fixed effects, which is a generalization of the difference-in-differences estimation used by Card, ibid, and many others. Details are discussed in Ryan D. Edwards and Mao-Mei Liu, "A new look at immigration and employment in the U.S. since 2005," *UC Berkeley: Center on the Economics and Demography of Aging*, 2018. Available at: https://escholarship.org/uc/item/0pc21g0b8.

METHODOLOGICAL DETAILS IN BRIEF

We report results based on a standard model in social science that compares changes over time in native employment rates (Y) observed in small geographic areas (PUMAs) with high immigrant labor force shares (X) versus those observed in areas with low immigrant labor force shares. The technical name for this model is a panel regression with PUMA fixed effects, and it is a generalization of the difference-in-differences approach described in the text.

In this approach, we follow the standard procedure of controlling for other PUMA-level variables (Z) that might also affect native employment rates and might also be changing. These include the age structure of the population; percent male; percent in five race/ethnicity categories, including percent Latino or Hispanic; percent in seven educational attainment categories; percent living in a metro area; and indicator variables for each year in the sample (2005-2016).

This method identifies an effect of the immigrant labor force shares (X) associated with the native employment rate (Y) that is analogous to what a researcher would find when comparing two otherwise identical labor markets, one of which received an influx of immigrants while the other did not.

Native Employment Climbs with Immigration

Contrary to what the basic economic theory of immigration predicts, we find that rising foreign-born shares of the local labor force are associated with increases in native employment rates over the 2005-2016 time period. **Our model predicts that with every percentage point increase in the foreign-share of the labor force, native employment rate will *rise* by between 0.055 to 0.075 percentage points,** a small but statistically significant effect on local labor markets that is economically meaningful.

In the average sample area, 1 percent of a PUMA's labor force is about 1,500 workers, while 1 percent of native employment is roughly 1,100 jobs (the average PUMA has a ratio of immigrant to native workers of four to 21). Using the midpoint of our estimated effects, a coefficient of 0.065, we find that an increase of 20 immigrant workers is associated with about one native job created. **This result is noteworthy because it stands in stark contrast to the dire predictions of a simple model in which immigrant workers displace natives.**

* * *

Our central result suggests that immigrant and native workers combine in the job market in productive ways that can expand the jobs available.

It is also remarkable because it implies that labor force responses to immigration consist of more than just a keep-working or stop-working response by natives who are already working. **Our central result suggests that immigrant and native workers combine in the job market in productive ways that can expand the jobs available.** For example, the rapid expansion of hires in a workplace might cause the creation of new management or human resources positions that would not have existed but for the presence of the additional workers. Immigrant workers are diverse, with many varying levels of education and skills, but patterns in the employment of immigrants by occupation reveal that language skills are variable and important in how businesses allocate different types of workers to different tasks.[7] Firms might approach the challenge of heterogeneous skills among workers as an opportunity, by combining the unique services of immigrant workers with the unique skills of native-born workers.

ROBUSTNESS OF THE RESULT

We ran our results through a wide range of specification checks to ensure the main findings endured. Overall, our results are robust. **We found that our results were stronger in geographic areas with higher population density than in less dense geographic areas,** but there was a small positive response of native employment to immigration in both types of areas. This implies that our estimate of the national effect of immigration based on trends across geographic areas was a slight underestimate of the true average effect on native U.S. residents as a whole. This is because treating geographic areas as the unit of observation without accounting for their population differences weights the experiences of denser urban areas the same as the experiences of less dense rural areas. The unweighted results are certainly still relevant, because our politics are sometimes weighted toward the interests of states and other geographies, irrespective of population density. But because of stronger effects in higher population areas, more Americans overall are seeing these positive employment effects.

A major concern we had was whether our primary outcome measure, the employment rate of native workers, sufficiently captured all potential effects of immigration on native workers. As discussed in the accompanying box, the *employment rate* is the share of the labor force with a job. A more familiar measure is the unemployment rate, which is the share of adults who do not hold a job and are actively seeking work. A potential problem with using this type of outcome measure is the possibility of native workers *becoming discouraged* and dropping out of the labor force because of competition from immigrants. These workers would not appear in either the employment or the unemployment rate, since they are no longer considered part of the labor force. To explore this possibility, we re-estimated models with the employment-to-population ratio, a measure that would include the discouraged workers. If immigration discouraged native workers from seeking work, the native employment-to-population ratio would fall and thus reveal new information. But our results using the employment-to-population ratio revealed no evidence that immigration was pushing native workers out of the labor force. **More immigrants were associated with more native employment, measured either as a share of the labor force or of the whole population.**

We were also concerned whether the inclusion of the Great Recession in the time period spanned by our data somehow artificially created the results we found or meant that they implied something different than what they appeared to imply. The time period of our analysis, 2005 to 2016, was tumultuous and eventful, and it included the boom years before the Great Recession, the Great Recession itself, and the prolonged

UNEMPLOYMENT AND EMPLOYMENT RATES AND EMPLOYMENT-TO-POPULATION RATIOS

The official **unemployment rate,** reported at 4.1 percent in March 2018, is derived as the ratio of the unemployed to the sum of employed workers plus the unemployed. Individuals are defined to be unemployed if they are not currently working but are actively looking for work. The denominator in this ratio, the sum of all employed workers plus the unemployed, is called the labor force.

In this study, we examine the **employment rate,** which equals 100 percent minus the unemployment rate and measures the share of the labor force that is employed. Again, the denominator is the labor force.

A similar measure is the **employment-to-population ratio,** which is constructed as the ratio of employed workers to the total population. The denominator in this statistic is much broader and is comprised of a) the labor force; b) discouraged workers who are no longer looking for work; and c) students, retirees, homemakers, the disabled, and others not engaged in formal labor markets.

Because discouraged workers and other people are excluded from one measure and not the other, the two are often different. During the Great Recession of 2007-2009, both the employment rate and the employment-to-population ratio declined precipitously at first. In the years since, the employment rate has fully returned to pre-recession levels of about 96 percent, but the employment-to-population ratio has not and currently hovers at 60.4 percent or roughly the level it was in 1986.

recovery. We were most concerned that the recession may be driving the result "in reverse," namely showing us reductions in immigrant labor and in native employment, and both likely in response to the recession itself and not because of one another. We found this was not the case, and **that the main driver of the results was coming from periods of growth in both immigration and in native employment. In particular, it appeared that the era of expansion prior to the Great Recession was a time during which native employment appeared to expand strongly alongside immigration.**

Past theory and evidence propose that the effect of immigration will vary for different groups of native workers, and to explore this we re-estimated our model using labor market outcomes for different groups of native workers defined by their educational attainment. **We found that the positive effect of immigration was stronger among natives with more education, while the effect was statistically insignificant among natives with less education. The largest positive effect of immigration was on the employment of native workers who had some college education but not a four-year college degree, which we found to be an interesting result.**

We also explored how our result varied across the nine census divisions. What emerged is a snapshot of considerable diversity, which is depicted in Figure 5. We found large and statistically significant influences of immigration on native employment in five of the nine division, which were a mix of areas with low and high immigrant shares alike. As Figure 5 shows, we found positive coefficients greater than 0.090 and statistically significant for:

- The Mountain division (Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, and Wyoming);
- The West South Central division (Arkansas, Louisiana, Oklahoma, and Texas); and
- The East North Central division (Illinois, Indiana, Michigan, Ohio, and Wisconsin).

In these three divisions, the coefficient hovered around 0.094.

We also found large, positive effects of immigration for:

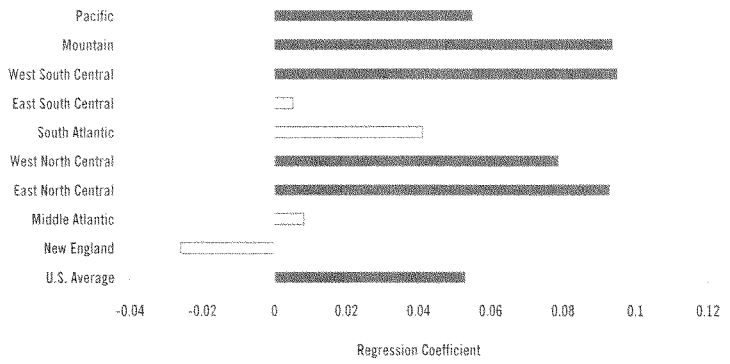
- The West North Central division (Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, and South Dakota); and
- The Pacific division (Arizona, Pacific region (Alaska, California, Hawaii, Oregon, and Washington).

The coefficient was 0.079 in the West North Central division, where immigration was very low but grew rapidly during the period; and it was 0.055 in the Pacific division, where immigration was the highest and remained high.

In the four other divisions, the estimated effect of immigration was statistically insignificant, positively signed in three cases and negatively signed in the New England division. A noteworthy result is the null effect of immigration in the Middle Atlantic division, comprising New Jersey, New York, and Pennsylvania and containing the second-highest share of foreign-born workers of all divisions.

As we have seen, there is great variation in both the levels and changes in the immigrant share across divisions. However, we found that **the size of the positive employment effect was *not* explained by a division's immigrant share, nor was it explained by how fast the immigrant share was changing.** We suspect that differences in the native employment effect across divisions may be associated with the geographic variation in industries and the differential changes in the health of those industries over time. But a complete view awaits future investigation.

Figure 5. Diversity of Model Results Across U.S. Divisions



Note: Each bar represents a coefficient from a different regression of the native-born employment rate on the immigrant share of the labor force. Statistically significant results are represented in blue, while results that lack statistical significance are in white.

The differences across geographic areas in the effect of immigration on native employment is an opportunity for us to expand our understanding of the dynamics of immigrant absorption. It is not a simple story about positive effects on natives in traditional immigrant-receiving areas and negative or zero effects elsewhere, nor is it the reverse. However, given our findings that immigration does have (mostly positive) labor market impacts on native-born Americans, further research on these geographic differences would be welcome.

Conclusion: U.S. Immigration and Native Employment Have Risen Together

This study reviewed U.S. Census Bureau data to examine how changes over time in immigrant shares of the labor force is or is not related to changes over time in the employment rates of native workers within 1,000 local labor markets defined by geography. Simple economic theory suggests that without any offsetting influences, increases in the foreign-born share of the local labor force that are driven by increases in the supply of immigrant workers might reduce employment rates among native workers.

* * *

Immigrant workers did not displace natives from jobs, as might be predicted by a simple model in which all workers were identical and businesses did not shift strategies to employ workers productively.

In stark contrast to this prediction, we find robust evidence that between 2005 and 2016, employment rates among native workers rose when the immigrant share of the local labor force increased. **Immigrant workers did not displace natives from jobs, as might be predicted by a simple model in which all workers were identical and businesses did not shift strategies to employ workers productively.** Rather, our analysis suggests either: 1) that native workers combined with new immigrant labor in productive ways that created more employment opportunities for natives, such as leveraging new divisions of labor; 2) that businesses expanded by outfitting their workers with more equipment and machinery; or 3) that both may have occurred.

Perhaps most surprising and compelling was the broad-based geographic robustness of this result. **Areas with already high shares of immigrant labor were not the only areas that benefitted from the arrival of new immigrants.** Instead, we found evidence of substantial employment gains by native U.S. workers in traditionally immigrant-scarce regions as well as in immigrant-plentiful regions.

The size of the effect we estimated was substantial but not enormous. Our estimates imply that every increase of 20 immigrant workers was associated with one additional job held by a native-born worker during the sample period. Native U.S. workers with some college experience but less than a four-year college degree appeared to benefit the most in terms of employment from the presence of new immigrants. The one-to-20 ratio of new jobs for natives to new immigrant workers seems consistent with a story of complementarities between classes of workers that other studies appear to confirm. The data suggest that in recent times, contrary to the popular political narrative, the presence of immigrant workers has not been a threat to the jobs of native-born U.S. workers, but instead a source of modest but real employment gains.

Endnotes

1 John F. Cochrane, "Trade and Immigration," Chapter 9 in George P. Shultz, ed., *Blueprint for America* (Palo Alto: Hoover Institution, 2016), 109-125. Available at: https://www.hoover.org/sites/default/files/research/docs/george_shultz_blueprint_for_america_ch9.pdf

2 Charles I. Jones, *Macroeconomics, 4th ed.* Chapter 7, (New York: Norton, 2016).

3 Audrey Singer, "The Rise of New Immigrant Gateways," Brookings Institution, Living Cities Census Series, February 2004. Available at: https://www.brookings.edu/wp-content/uploads/2016/06/20040301_gateways.pdf. Audrey Singer, "The New Geography of United States Immigration," *Brookings Immigration Series*, No. 3, July 2009. Available at: https://www.brookings.edu/wp-content/uploads/2016/06/07_immigration_geography_singer.pdf. Douglas S. Massey, ed., New faces in new places: The changing geography of American immigration, Russell Sage Foundation, 2018.

4 David Card, "The Impact of the Mariel Boatlift on the Miami Labor Market," *Industrial and Labor Relations Review* 43(2), (1990): 245-257. George J. Borjas, "The Wage Impact of the Marielitos: A Reappraisal," ILR Review, vol. 70(5), (2017): 1077-1110. Available at: http://doi.org/10.1177/0019793917692945. Giovanni Peri and Vasil Yasenov, "The Labor Market Effects of a Refugee Wave: Applying the Synthetic Control Method to the Mariel Boatlift," *NBER Working Paper 21801*, (2015). Available at: http://www.nber.org/papers/w21801. Michael A. Clemens and Jennifer Hunt, "The Labor Market Effects of Refugee Waves: Reconciling Conflicting Results," *NBER Working Paper 23433*, (2017). Available at: http://www.nber.org/papers/w23433.

5 See especially Borjas, and Clemens and Hunt, *supra*.

6 Ryan D. Edwards and Mao-Mei Liu, "A new look at immigration and employment in the U.S. since 2005," *UC Berkeley: Center on the Economics and Demography of Aging*, 2018. Available at: https://escholarship.org/uc/item/0g21g0b8

7 Kenneth Megan, "Immigration and the Labor Force, Part II," *Bipartisan Policy Center Blog Post*, September 21, 2015. Available at: https://bipartisanpolicy.org/blog/immigration-and-the-labor-force-part-ii/.

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Don't Neglect the Benefits of Lesser-Skilled Immigration

By: Kenneth Megan

April 4, 2017

- President Trump's recent push to implement a merit-based immigration system has been discussed for many years among lawmakers. As we explained in our previous blog, a merit-based system would admit immigrants based upon the estimated potential value they would bring to the U.S. economy, emphasizing higher levels of education and skills. These types of systems currently operate in Canada, Australia, and several other countries. They favor higher-skilled immigration, under the belief that these workers provide a disproportional benefit to the domestic economy compared to immigration among lesser-skilled workers. This type of policy is also seen as better-plugging labor shortages in high-skill industries—such as engineering and technology.

While it is indeed true that the U.S. economy has a shortage of workers in higher-skill industries, especially the so-called STEM careers, what is lesser-known is that *labor shortages also exist in lesser-skill industries*. Indeed, employers have reported difficulties finding workers in labor-intensive industries such as construction, hospitality, health care, and agriculture. For example, a survey from the Associated General Contractors of America found that over 80 percent of construction firms are having difficulties finding workers. Similarly, wages for the average farm worker increased by 5 percent between 2015 and 2016 due to labor demand—yet the industry continues to be plagued by labor shortages.

We have noted in our previous research that lesser-skilled immigration can not only help fill these labor shortages, but it can also complement higher-skill native-born workers, by providing them the flexibility to specialize and increase their own skillsets to take higher-paying jobs.

On a broader economic level, a growing labor force is a key factor that determines the "speed limit" of overall economic growth. According to Harvard economist Dale Jorgenson, since 1947, increases in the number of workers in the U.S. economy have accounted for 30 percent of economic growth. These increases have come from many places: the post-WWII "baby boom," the entry of more women into the labor force starting in the 1960s, and immigration (which peaked in the 1990s). The slow growth which has plagued the economic recovery since the Great Recession can be explained in part by declines in labor force participation—due to increases in retirement, disability, and school enrollment—as well as from slower population growth. But these trends that can be mitigated by increases in immigration of all skill levels. In fact, the growth we have had, around 2 percent, has been attributable in part to immigration.

While high-skill immigration is indeed crucial for entrepreneurship and innovation, policymakers would be wise not to neglect the benefits of lesser-skilled immigration—which fills a unique role in the labor market, and is a crucial driver of economic growth in America.

BIPARTISAN POLICY CENTER

Worsening Labor Shortages Demonstrate Need for Immigration Reform

By: Kenneth Megan

October 30, 2017

U.S. home construction experienced sharp declines in September, decreasing by 4.7 percent—the largest drop in six months. This was largely the result of hurricanes Harvey and Irma, which devastated Houston, Florida, and U.S. territories in the Caribbean, leading to a temporary halt in homebuilding. However, the decline was also reflective of a larger and more pervasive problem in the industry: there simply aren't enough workers.

The construction industry has been plagued by labor shortages for the past several years, and the problem continues to worsen. Labor scarcity delays construction start times, as employers need to staff their projects before they can begin work. This reduces efficiency and can increase costs, which are passed onto homebuyers. The long-term effects of the hurricanes and other disasters such as the forest fires ravaging California will only make matters worse, as these will require significant home rebuilding, further increasing demand for labor.

Construction employers have increased wages to attract more workers, which also places upward pressure on home prices, but this has failed to solve the problem. According to surveys from the National Association of Homebuilders (NAHB), 58 percent of employers indicate that there is a labor shortage. Meanwhile, wages grew by 3.6 percent among construction staff in 2016, and are expected to rise by another 3.4 percent in 2017. Comparatively, median wages for private U.S. workers grew by 2.4 percent in 2016 and by 2 percent between January and September of 2017.

How Did We Get Here?

These labor shortages can be traced to the 2006-07 collapse of the housing market, which triggered the Great Recession and led to massive layoffs in the construction sector—an industry that relies heavily on immigrant labor. Roughly one-tenth of all foreign-born workers are employed in construction, compared to around 5 percent of native-born workers. The recession caused many immigrants to return to their home countries due to the lack of job prospects.

However, as housing demand has rebounded in recent years—single-family home prices have increased by roughly 30 percent since 2012, according to the U.S. House Price Index—lower immigration levels have collided with renewed demand in the industry, creating labor shortages. Indeed, the number of job openings in the construction industry grew by 14 percent between August 2016 and August 2017, the most recent month for which data are available. Many who left the workforce during the recession have gone to other industries and have not returned to construction, and fewer young workers are entering the skilled trades, in part due to the downturn in vocational and occupational training in schools.

"The industry lost 450,000 skilled workers during the recession and they are not coming back fast enough," according to Ed Brady, Senior Officer at NAHB. "There is simply not enough skilled labor supply to meet demand for housing construction."

Immigration Can Help

Broadly speaking, immigration plays an important role in plugging labor gaps and complementing the native-born labor force. This is especially true for immigrant-heavy industries like construction. Boosting immigration can help mitigate the labor challenges facing the industry, as it would increase labor supply, which could lead to efficiency gains and cost-savings from reducing construction start times. Conversely, policies that seek to restrict levels of job-seeking immigrants will likely exacerbate labor shortages, especially when considering the decline in labor force participation among native-born workers.

Ultimately, boosting immigration could go a long way in remedying the labor shortages plaguing the construction industry. And while the 4.7 percent drop in home building was primarily the result of natural disasters, policymakers should recognize that many homes will need to be rebuilt because of these disasters, and prioritize reforms to the immigration system that work to grow the labor force. Such reforms could boost efficiency, reduce costs, and support industries that are seriously short on help.

Chairman YARMUTH. I also ask unanimous consent to submit a statement for the record from the National Immigration Forum. Without objection, so ordered.

[The information follows:]

Statement for the Record

U.S. House of Representatives Committee on the Budget

Hearing on

"Building A More Dynamic Economy: The Benefits of Immigration"

June 26, 2019

Introduction

The National Immigration Forum appreciates the opportunity to provide its views on the benefits of immigration in building a more dynamic economy. U.S. economic growth is outpacing growth in workers. As a result, labor shortages are projected to grow that will act as a brake on the economy. We are already seeing inflationary fears stoked by labor shortages, and in some regions of the U.S., businesses are postponing plans for expansion due to lack of workers.

The crucial role immigrants play in our workforce and economy is unfamiliar to many people. Immigrants currently represent about 13 percent of the population but 17 percent of the U.S. workforce. Immigrants are projected to provide the bulk of growth in our workforce in the coming 40 years.

Founded in 1982, the National Immigration Forum advocates for the value of immigrants and immigration to our nation. To achieve this vision, we bring together moderate and conservative faith, law enforcement and business leaders to weigh in with policy makers in support of practical and commonsense immigration, citizenship and integration policies.

Our current immigration system fails to meet the needs of the nation's economy, workforce and families. Congress and the administration must work together to build a 21st-century immigration system that advances the social and economic interests of all Americans.

Immigrants are a net benefit to our economy.

The U.S. economy is stronger because of immigrants. In 2014, immigrants earned a total of $1.3 trillion in wages, or 14.2 percent of all income earned in the United States.[1] The percentage of income earned is greater than the percentage of immigrants in the general population (13.2 percent). This disparity, in part, occurs because a greater percentage of immigrants are in their working and income-earning years than the U.S. born.

[1] "Taxes and Spending Power," *New American Economy*, https://www.newamericaneconomy.org/issues/taxes-&-spending-power/.

The total spending power of immigrants in the U.S. – the total income they earn minus the taxes they pay – was $927 billion in 2014, or more than 14 percent of the total American spending power.[2] The spending power of refugees in the U.S. was estimated to be $56 billion in 2015.[3] Much of this revenue goes back into the economy, creating demand for goods and services, which, in turn, help create jobs.

Regardless of their immigration status, immigrants pay taxes and spend money in local economies. Without these important economic contributions from immigrants, the U.S. economy would be smaller, and governments at all levels would see revenues decline without the taxes paid by immigrants. Research analysts have examined the economic contributions of immigrants and have concluded that, when looking at the taxes paid by immigrants verses the cost of services provided to them, immigrants have a significant positive balance. This time period includes the cost and contributions of their children. While local governments bear the cost of educating immigrant children, education is an investment, yielding higher returns in terms of income earned and taxes paid.

The net fiscal contribution of a new immigrant and immigrant's children over a 75-year period considering the cost of services to immigrants compared to how much immigrants pay in taxes is positive.[4] The average benefit to all levels of government is $259,000. An immigrant with a college degree contributes more during that same period, approximately $800,000.

Refugees are also a positive net benefit to the U.S. economy. A recent government study estimated that, in the ten-year period between 2005 and 2014, total government expenditures on refugees were $206 billion, but in the same period refugees paid federal, state and local taxes of $269 billion.[5] A study by the New American Economy estimated that refugees earned $77 billion and paid $20.9 billion in taxes in 2015 alone.[6]

In recent years, the net economic contributions of immigrants has increased in tandem with the rising education levels of recent immigrants. A recent analysis of U.S. Census data has found that almost half of the immigrants coming to the U.S. between 2011 and 2015 were college graduates. This compares to 27 percent of immigrants who arrived from 1986-1990.[7] As a result, the fiscal benefit of recently arrived immigrants over a 75-year period is much higher than that

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[2] "Immigrants' Impacts on Fiscal Matters," *Tax Policy Center*, http://www.taxpolicycenter.org/sites/default/files/immigrants_impact_on_fiscal_matters_fact_sheet.pdf.

[3] "From Struggle to Resilience: The Economic Impact of Refugees in America," *New American Economy*, June 19, 2017, https://research.newamericaneconomy.org/report/from-struggle-to-resilience-the-economic-impact-of-refugees-in-america/

[4] "Immigrants' Impacts on Fiscal Matters," *Tax Policy Center*, http://www.taxpolicycenter.org/sites/default/files/immigrants_impact_on_fiscal_matters_fact_sheet.pdf.

[5] "Rejected Report Shows Revenue Brought in by Refugees," *The New York Times*, September 19, 2017, https://www.nytimes.com/interactive/2017/09/19/us/politics/document-Refugee-Report.html.

[6] "From Struggle to Resilience: The Economic Impact of Refugees in America," *New American Economy*, June 19, 2017, https://research.newamericaneconomy.org/report/from-struggle-to-resilience-the-economic-impact-of-refugees-in-america/.

[7] Jeanne Batalova and Michael Fix, "New Brain Gain: Rising Human Capital Among Recent Immigrants to the United States," *Migration Policy Institute*, June 2017, https://www.migrationpolicy.org/research/new-brain-gain-rising-human-capital-among-recent-immigrants-united-states.

of all U.S. immigrants, past and present.[8] The average fiscal benefit was $259,000 for recent immigrants, while the average fiscal benefit for all immigrants was $58,000. The trend toward higher education levels in our immigration flows is expected to continue or intensify, ensuring that immigrants will continue to be a fiscal boon for our country. Immigrants have helped make the American economy the strongest in the world.

Immigrants are tax contributors.

Immigrants pay the same taxes we all do — federal income tax, social security tax, Medicare tax, property tax, state income tax, sales tax, and so on. The taxes they pay help to cover federal and state services that benefit communities everywhere. In 2014, immigrants paid an estimated $328 billion in state, local, and federal taxes. Immigrants paid more than a quarter of all taxes in California, and they paid nearly a quarter of all taxes in New York and New Jersey.[9]

It is not only immigrants, who are legally present in the U.S., who are paying taxes. Undocumented immigrants make important contributions as well. An analysis based on the U.S. Census and other data estimated that undocumented immigrants paid $11.7 billion in state and local taxes. If they had a pathway to secure legal status, they would likely earn more and, consequently, more of their income would be on the books. Their state and local tax contributions would increase accordingly, by an estimated $2.2 billion.[10]

Young undocumented immigrants who grew up in the United States and are participants of the Deferred Action for Childhood Arrivals program (DACA) currently have permission to work legally in the U.S. The vast majority, approximately 91 percent, are currently employed.[11] They pay an estimated $1.6 billion in state and local taxes.[12] If DACA holders were no longer able to work, states and localities would collectively face a loss of almost $800 million in tax revenue because DACA holders incomes would drop, and more of it would be "off the books." On the other hand, if Congress provides a path to citizenship for these individuals, states and localities would see their revenue boosted by about $50 million.

Immigrants contribute to the economy as business owners.

In addition to contributing to the economy as taxpayers and consumers, immigrants contribute to the economy as business owners. Immigrants are much more likely to start businesses than the U.S.-born. Of all new entrepreneurs in 2016, 29.5 percent were immigrants.[13] More than 20

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[8] Pia Orrenius, "New Findings on the Fiscal Impact of Immigration in the United States," *Federal Reserve Bank of Dallas*, https://www.dallasfed.org/en/research/papers/2017/wp1704.aspx.

[9] "Taxes and Spending Power," *New American Economy*, https://www.newamericaneconomy.org/issues/taxes-&-spending-power/.

[10] "Immigrants in the United States," American Immigration Council https://www.americanimmigrationcouncil.org/research/immigrants-in-the-united-states

[11] Tom K. Wont et al., "DACA Recipients' Economic and Educational Gains Continue to Grow," *Center for American Progress*, August 28, 2017, https://www.americanprogress.org/issues/immigration/news/2017/08/28/437956/daca-recipients-economic-educational-gains-continue-grow/.

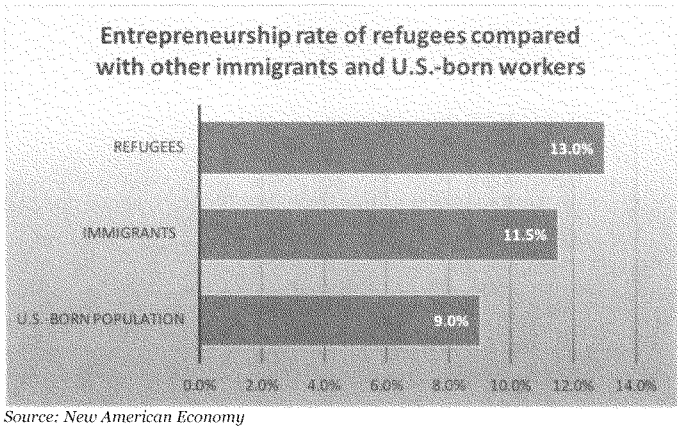
[12] Meg Wiehe and Misha Hill, "State and Local Tax Contributions of Young Undocumented Immigrants," *Institute on Taxation and Economic Policy*, April 30, 2018. https://itep.org/state-local-tax-contributions-of-young-undocumented-immigrants/.

[13] "Startup Activity National Trends," *The Kauffman Index*, May 2017, https://www.kauffman.org/kauffman-index/reporting/~/media/c983109453664652 8ab012dcbd1f83be.ashx.

percent of new and established business owners in the U.S. were immigrants in 2014.[14] This representation is far above the immigrant community's 13.2 percent of the U.S. population.[15]

Immigrants have founded 51 percent of the country's startup companies worth $1 billion or more as of January 1, 2015, a study conducted in 2016 found. Each of these companies employed an average of 760 people.[16]

Refugees have an even higher rate of entrepreneurship. Thirteen percent of refugees are business owners, compared to 11.5 percent of non-refugee immigrants. Refugee-owned businesses generated $4.6 billion in income in 2015.[17]



Source: New American Economy

The rate of entrepreneurship among immigrants with less than a college degree is actually *higher* than that of immigrants with college degrees; 12 percent of immigrants without college degrees are entrepreneurs compared to 10.6 percent of those *with* college degrees.[18] Both groups have a greater tendency to be entrepreneurs than U.S.-born workers, who make up 8.9 percent of self-employed entrepreneurs.

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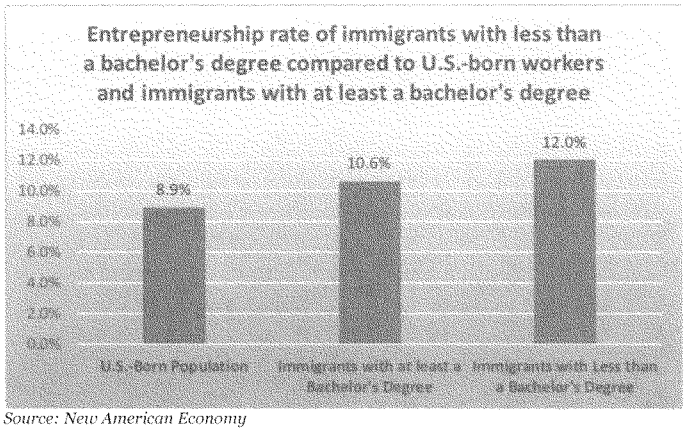
[14] "Reasons for Reform: Entrepreneurship," *New American Economy*, October 2016, http://www.newamericaneconomy.org/wp-content/uploads/2016/12/Entrepreneur.pdf

[15] "Selected Characteristics of the Native and Foreign-Born Populations 2012-2016 American Community Survey 5-Year Estimates," *The United States Census Bureau*, https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=bkmk.

[16] Stuart Anderson, "Immigrants and Billion Dollar Startups," *National Foundation for American Policy*, March 2016, http://nfap.com/wp-content/uploads/2016/03/Immigrants-and-Billion-Dollar-Startups.NFAP-Policy-Brief.March-2016.pdf.

[17] "From Struggle to Resilience: The Economic Impact of Refugees in America," *New American Economy*, June 2017. research.newamericaneconomy.org/wp-content/uploads/sites/2/2017/11/NAE_Refugees_V6.pdf.

[18] "One Cost of Cutting Back in Less-Skilled Immigration: Potential Business Creation," *New American Economy*, August 10, 2017, https://research.newamericaneconomy.org/report/one-cost-of-cutting-back-on-less-skilled-immigration-potential-business-creation/.



Source: New American Economy

Immigrant businesses revive neighborhoods and spur economic development.

Immigrant-owned businesses like other businesses can revitalized and spur economic development in local communities. A report, which closely examined the types of businesses immigrants tended to own by using data from 2013, found that 28 percent of "Main Street" business owners were immigrant entrepreneurs.[19] "Main Street" businesses can be broken into three categories: Retail (such as florists, grocery stores), Accommodation and Food Services (restaurants, hotels) and Neighborhood Services (barbers, dry cleaners). These "Main Street" businesses are often the seed of economic development in an area that has been neglected. They can transform a neighborhood into a more attractive area, where people can live and work, thus sparking greater economic activity. Immigrant entrepreneurs make up more than 50 percent of business owners in some of these "Main Street" subcategories.[20] These small and medium-sized immigrant businesses are often undervalued when local governments are considering the best ways to revitalize their localities.

[19] David Dysseggard Kallick, "Bringing Vitality to Main Street: How Immigrant Small Businesses Help Local Economies Grow," *Americas Society/Council of the Americas*, January 2015, www.as-coa.org/sites/default/files/ImmigrantBusinessReport.pdf.

[20] David Dysseggard Kallick, "Bringing Vitality to Main Street: How Immigrant Small Businesses Help Local Economies Grow," *Americas Society/Council of the Americas*, January 2015, www.as-coa.org/sites/default/files/ImmigrantBusinessReport.pdf.

Source: Americas Society/Council of the Americas

Around the country, city and state leaders are realizing that attracting immigrant entrepreneurs is a crucial piece of an economic development strategy. A report from Global Detroit notes that "...city leaders are realizing that immigrant groups stabilize residential neighborhoods and commercial retail corridors that are critical to the quality of life."[21] Immigrants in Michigan were nearly three times more likely to start businesses between 1996 and 2007 than were native-born residents. Detroit leaders have launched several initiatives to attract and retain immigrants and promote immigrant entrepreneurship.[22]

Not only major cities seek to attract immigrant entrepreneurs to revitalize neighborhoods. For example, small towns in Iowa are working with Iowa State University to promote immigrant entrepreneurship and integration as part of their economic development strategy.[23]

Businesses started by immigrant entrepreneurs create millions of jobs and generate billions of dollars in revenue. Immigrant entrepreneurs are not only providing for themselves and their

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[21] Steve Tobocman, *Global Detroit*, May 14, 2010, www.globaldetroit.com/wp-content/uploads/2014/10/Global_Detroit_Study.executive_summary.pdf.

[22] Paul McDaniel, "Revitalization in the Heartland of America: Welcoming Immigrant Entrepreneurs for Economic Development," *Immigration Policy Center*, January 2014, https://www.americanimmigrationcouncil.org/sites/default/files/research/revitalizationinheartlandofamerica.pdf

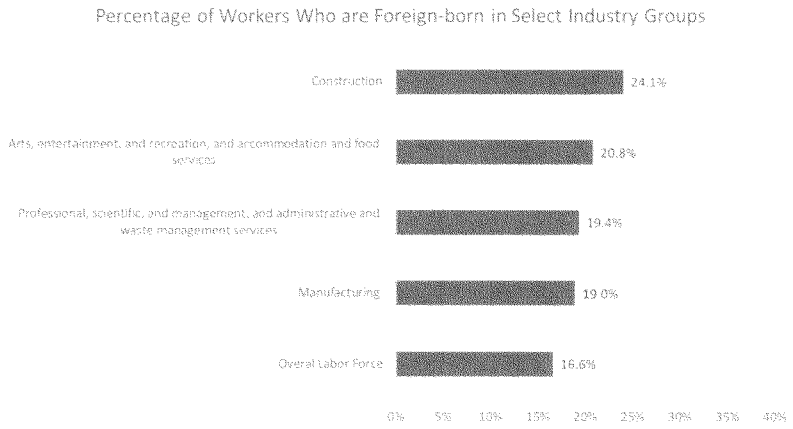
[23] Paul McDaniel, "Revitalization in the Heartland of America: Welcoming Immigrant Entrepreneurs for Economic Development," *Immigration Policy Center*, January 2014, https://www.americanimmigrationcouncil.org/sites/default/files/research/revitalizationinheartlandofamerica.pdf

families, but are helping revitalize neighborhoods, cities and regions that have seen economic decline. These investments by immigrants benefit everyone in the community.

Immigrants fill labor shortages helping the economy grow.

According to the Census Bureau, there are 161 million workers in the American workforce.[24] Immigrants make up approximately 17 percent of the U.S. labor force, about one in six workers.

Focusing on the makeup of the workers in different industries, shows that certain industries are very reliant on immigrant labor.[25] While only 9 percent of immigrants work in construction, immigrants make up nearly a quarter (24.1 percent) of the construction workforce. Other examples are represented in the graph below.



Source: U.S. Census Bureau

Undocumented workers are a crucial component of many occupations as well. The graph below highlights some of the occupations where undocumented immigrants are estimated to make up a significant percentage of workers.[26]

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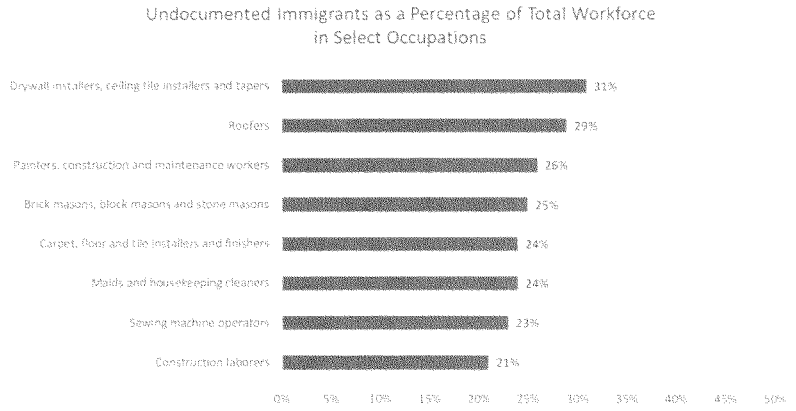
[24] "Selected Characteristics of the Native and Foreign-Born Populations 2012-2016 American Community Survey 5-Year Estimates," *The United States Census Bureau*, https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=bkmk.

[25] "Selected Characteristics of the Native and Foreign-Born Populations 2012-2016 American Community Survey 5-Year Estimates," *The United States Census Bureau*, https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=bkmk.

[26] Jeffrey S. Passel and D'Vera Cohn, "Size of U.S. Unauthorized Immigrant Workforce Stable after the Great Recession," *Pew Research Center*, November 3, 2018, assets.pewresearch.org/wp-content/uploads/sites/7/2016/11/02160338/LaborForce2016_FINAL_11.2.16-1.pdf.



Source: Pew Research Center

Immigrants complement workforce needs. An immigrant filling a job does not mean a U.S.-born worker loses a job. Economists find that the economy is dynamic and the number of jobs is not set. When one person takes a job, other jobs are created. That newly employed person spends money on groceries, goes out to eat, buys clothing, and that extra demand for goods and services creates new jobs for other workers.

U.S.-born and immigrant workers are employed in disparate jobs within our workforce. Seven industry categories employ nearly half (46.1 percent) of immigrant workers, but only a little more than a quarter (26.7 percent) of U.S. born workers.[27]

Industries	Immigrant	U.S. Born
Construction and Extraction	9.0%	4.4%
Building and Grounds Cleaning/ Maintenance	8.4%	2.9%
Production	7.9%	5.3%
Transportation and Material Moving	7.5%	5.9%
Food Preparation and Serving	7.1%	5.1%
Computer and Mathematical	4.3%	2.7%
Farming, Fishing, and Forestry	1.8%	0.5%

Source: Current Population Survey, U.S. Census Bureau

[27] Kenneth Megan and Theresa Cardinal Brown, "Culprit or Scapegoat? Immigration's effect on Employment and Wages," *Bipartisan Policy Center*, June 2016, https://bipartisanpolicy.org/wp-content/uploads/2016/06/BPC-Immigration-Employment-and-Wages.pdf.

A different set of industry categories employ more than half (51.6 percent) of the U.S.-born workers, but only a third (33.6 percent) of immigrant workers.[28]

Industries	U.S Born	Immigrant
Management	12.1%	8.1%
Sales and Related	10.9%	8.6%
Education, Training and Library	6.5%	3.5%
Business and Financial Operations	5.0%	3.5%
Protective Service	2.3%	0.9%
Community and Social Services	1.9%	0.9%

Source: *Bipartisan Policy Center*

Immigrants and their children will drive workforce growth.

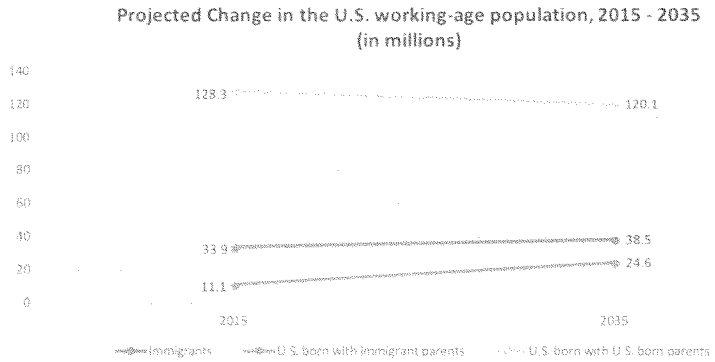
According to the latest population projections by the U.S. Census Bureau, immigration will become the primary driver of U.S. population growth by 2030, not because of an increase in immigration, but primarily due to the — rising number of deaths and lower birth rates in the U.S.-born population.[29] This growth in the workforce is critical to our economy.

Growth in the country's workforce likewise will be driven by an increase in the number of immigrant workers between now and 2035. As the baby boom generation leaves the workforce, the number of working-age adults born in the United States to U.S.-born parents will decline by 8.2 million. Balancing out this decline will be the growth in the number of working-age immigrants and their children. [30] Without new immigrants, the total population of working-age adults is expected to decline over the next 20 years.

[28] Kenneth Megan and Theresa Cardinal Brown, "Culprit or Scapegoat? Immigration's effect on Employment and Wages," *Bipartisan Policy Center,* June 2016, https://bipartisanpolicy.org/wp-content/uploads/2016/06/BPC-Immigration-Employment-and-Wages.pdf.

[29] Jonathan Vespa, David M. Armstrong, and Lauren Medina, "Demographic Turning Points for the United States: Population Projections for 2020 to 2060," *United States Census Bureau*, March 2018, https://www.census.gov/content/dam/Census/library/publications/2018/demo/P25_1144.pdf.

[30] Jeffrey S. Passel and D'Vera Cohn, "Immigration Projected to Drive Growth in U.S. Working-Age Population Through at Least 2035," *Pew Research Center*, June 12, 2019, https://www.pewresearch.org/fact-tank/2017/03/08/immigration-projected-to-drive-growth-in-u-s-working-age-population-through-at-least-2035/.



Source: Pew Research Center

The government projects the economy will add 9.8 million jobs between 2014 and 2024, but the labor force will only grow by 7.9 million workers.[31] In other words, the economy will grow faster than the workforce will. However, if more restrictive immigration policies are put in place, this gap between job openings and available workers will grow. If immigration to the United States is reduced, the working-age population will grow more slowly, or not at all. Restricting legal immigration to the U.S. will act as a brake on the economy, slowing its growth.

The U.S. is not unique in the demographic challenges it faces in regards to a growing shortage in workers and a society that is aging overall. An extreme example is Japan, a low-immigration and highly automated society, where more than one quarter of the population is 65 or older.[32] That country periodically slips into recession because it is running out of workers.[33] While its economy has improved in recent years, labor shortages have become extreme, with 71 percent of firms reporting manpower shortages.[34] Labor shortages have translated into deteriorating services in parcel delivery, hospitals, restaurants, schools and other labor-intensive services.[35] The Japanese government has come to the realization that it must have immigrant workers to

[31] "Occupational Employment Projections to 2024," *United States Department of Labor Bureau of Labor Statistics*, December 2015, https://www.bls.gov/opub/mlr/2015/article/occupational-employment-projections-to-2024.htm.

[32] Keiko Ujikane, Katsuyo Kuwako and Jodi Schneider, "60 seen as too young to retire in aging, worker-short Japan," *Japan Times*, July 15, 2016, https://www.japantimes.co.jp/news/2016/07/15/national/60-seen-young-retire-aging-worker-short-japan/#.XE92Oi2ZNBy.

[33] Matthew Yglesias, "The real reason Japan's economy keeps stumbling into recession," *Vox*, November 17, 2017, https://www.vox.com/2015/11/17/9749264/japan-recession-abenomics.

[34] "70% of firms pinched by labor shortages, Finance Ministry survey says," *Japan Times*, February 1, 2018, https://www.japantimes.co.jp/news/2018/02/01/business/70-firms-pinched-labor-shortages-finance-ministry-survey-says/#.XE93xS2ZNBx.

[35] Masayuki Morikawa, "Hidden inflation: Japan's labour shortage and the erosion of the quality of services," *Vox CEPR Policy Portal*, March 31, 2018, https://voxeu.org/article/japan-s-labour-shortage-beginning-erode-quality-services.

ease its labor shortages, and has taken tentative steps to ease its traditional aversion to immigration.[36]

Italy already has a negative growth rate, and other countries like the United Kingdom, Spain, Singapore, South Korea and China all face similar problems.[37] The point being, immigrant workers will be a highly competitive resource, with immigrants weighing their options as to the best place to work. Immigrants will be a major contributor to the economic health of many countries, including the U.S.

Immigration will not entirely solve the labor shortages, but immigrants can help address the problem. In order for that to happen, we must update our laws to allow for appropriate legal channels for immigrants to come to the U.S. and work. We must address the unique workforce challenges of immigrant workers. The number of foreigners allowed to come to the U.S. as permanent or temporary workers must increase as it is capped at the same level as it was in 1990 when our economy was one-third the size it is now.

Another immigration-related challenge is looming for the American workforce, the Trump administration has moved to end two programs that have allowed hundreds of thousands of immigrants to stay here temporarily and work with proper work authorization.

Deferred Action for Childhood Arrivals (DACA) has protected more than 800,000 people who arrived in the U.S. as children, and have lived hear practically all of their lives. One analysis of the DACA-eligible population — which includes all those eligible, not just the 800,000 who have actually registered and gained work authorization — shows that more than 155,000 are employed in restaurants and other food services, nearly 85,000 are employed in the construction industry, and more than 17,000 are employed in hospitals.[38]

Temporary Protected Status (TPS) is the other program being cut and is available to persons in the U.S. who cannot safely return to their country because of natural disaster, armed conflict, or similar calamity. Recipients of TPS receive work authorization. TPS designations for some countries have been repeatedly extended, and some recipients of TPS have had been in the U.S. and working for many years.

Cuts to legal immigration and an invisible wall of rules and regulations is being built that is cutting our future workforce. Immigration is projected to be the main component of growth in the U.S. working-age population in the coming decades.[39] In addition, while choosing immigrants based on education attainment sounds good in principle, it will not match our immigration system to the needs of the American workforce. The U.S. economy needs workers across the skills spectrum. Between 2014 and 2024, eight of the top 15 job categories that will

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[36] "Japan faces challenges as it moves to accept more foreign workers," *Japan Times*, July 25, 2018, https://www.japantimes.co.jp/news/2018/07/25/national/japan-faces-challenges-moves-accept-foreign-workers/#.XE945C2ZNBx.

[37] Peter Kotecki, "10 countries at risk of becoming demographic time bombs," *Business Insider* August 8, 2018, https://www.businessinsider.com/10-countries-at-risk-of-becoming-demographic-time-bombs-2018-8.

[38] "Spotlight on the DACA-Eligible Population," New American Economy, Updated February 8th, 2018, https://research.newamericaneconomy.org/report/spotlight-on-the-daca-eligible-population/.

[39] Jeffrey Passel and D'Vera Cohn, "Immigration projected to drive growth in U.S. working-age population through at least 2035," *Fact Tank*, Pew Research Center, March 8, 2017, http://www.pewresearch.org/fact-tank/2017/03/08/immigration-projected-to-drive-growth-in-u-s-working-age-population-through-at-least-2035/.

see the greatest growth will require no formal educational credential[40]. Jobs such as personal care aides, home health aides, food preparation workers, retail salespersons, cooks, construction laborers, janitors, and material movers are expected to increase by 2,032,000 in the 10-year period from 17,537,000 jobs to 19,569,000 jobs, representing 21 percent of all new jobs.

Conclusion

The U.S. economy has benefited from immigrants in countless ways, entrepreneurship, taxes, spending power, filling temporary and permanent position across the entire skills spectrum, and revitalizing local economies. Immigrants are and will be the growth factor in the U.S. economy. The economy is in search of workers and the demand outstrips the availability. There simply are not enough workers. These challenges are already negatively affecting certain industries and regional economies, and they are only going to grow in light of our aging population and the declining native birth rate. Immigrants and their children are helping to address this crisis, but a far more responsive workforce development and immigration system must be enacted to create a dynamic economy, or the growth of the U.S. economy will begin to slow and decline altogether.

[40] "Occupational Employment Projections to 2024," *United States Department of Labor Bureau of Labor Statistics*, December 2015, https://www.bls.gov/opub/mlr/2015/article/occupational-employment-projections-to-2024.htm.

Chairman YARMUTH. And finally, I ask unanimous consent to submit two reports from the New American Economy on how diversity raises wages and the contributions of immigrants as entrepreneurs. Without objection, so ordered.

[The information follows:]

REPORT JANUARY 2017

New American Economy

The Riches of the Melting Pot

How Diversity in Metropolitan Areas Helps Grow the Wages of Low and High-Wage Workers

The Riches of the Melting Pot

How Diversity in Metropolitan Areas Helps Grow the Wages of Low and High-Wage Workers

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New American Economy

Executive Summary

In 2013, there were more than 45 million foreign-born individuals living in the United States, a historic high for a nation whose history and identity have been indelibly shaped by immigration.[1] While this number frequently draws attention, what makes the foreign-born population in the United States today truly noteworthy is its tremendous diversity. Immigrants hail from a wider range of countries now than at any other point in U.S. history, and it is overwhelmingly in our cities that we see this rich melting pot on display.[2] Two people crossing paths in any metropolitan area today are more than twice as likely to have been born in different countries than two residents of a non-metro area. In some metropolitan communities such as Miami, Los Angeles, San Francisco, and New York, the likelihood of this is even greater: Residents in those cities are almost eight times more likely to encounter someone born abroad.

This has led many academics and policymakers to question whether increased diversity is helping or hurting American workers. On the one hand, people born in different countries bring diverse perspectives that may help companies or individuals discover new solutions and ideas—boosting overall productivity. On the other hand, workers from a variety of backgrounds may struggle to find common ground and communicate efficiently. While diversity can produce either of these outcomes in theory, recent research has shown that the positive effects tend to dominate, resulting in wage increases for workers in more diverse settings. Such productivity and wage benefits have been found in a wide variety of areas, including the United States and several European countries.[3]

Labor markets, however, are not monolithic—tasks, skills, and competition for available jobs differ greatly from one end of the pay spectrum to the other. Lower-wage workers, for instance, may be engaged in repetitive or manual tasks that do not benefit to the same degree from access to diverse perspectives or insights. Because of this, one could ask whether lower-wage workers actually benefit from greater diversity, or whether high-earning employees reap the lion's share of its rewards.

This report explores these questions in depth, examining how a more diverse America may be affecting both highly-paid and lower-earning workers differently. To tackle this question, we rely on a comprehensive dataset made available from the U.S. Census Bureau. These data allow us to track individual workers in 160 U.S. metropolitan areas between 1991 and 2008, measuring how their wages change as their cities or workplaces become more diverse. Tracking the movement of both wages and diversity in statistical models allows us to uncover patterns that describe the general effect that increases in diversity in those environments have on the wages of workers at different income levels.

When diversity increases through immigration, **meaningful wage benefits accrue to all workers**—from the highest earners down to the lowest.

This method of analysis produces clear and compelling findings. When diversity increases through immigration, meaningful wage benefits accrue to all workers—from the highest earners down to the lowest. The size of this effect, however, depends on where the diversity comes from. When diversity increases among the bottom 50 percent of all wage earners in a given city, the lowest-wage workers experience meaningful pay increases—a strong potential benefit of immigration for working-class families. A diversity increase centered largely on the workers in the bottom 25 percent of all earners,

Key Findings

Both **low- and high-wage workers gain** when U.S. cities become more diverse.

When a city experiences a diversity boost, the average person living in the metropolitan area sees their wages rise by about 6 percent. These wage increases are broadly shared: Workers in the top 25 percent of all earners see wage increases of 6.6 percent, while workers in the bottom 25 percent of all earners experience a 7.1 percent wage boost on average.

Increases in diversity among the highest earners in a city result in **dramatic wage gains for all income groups**.

A diversity boost concentrated among the top 25 percent of earners in a metropolitan area results in an 18 percent wage jump for other high-wage earners in the area—or an average increase in wages equivalent to $13,000 per year. Local workers in the bottom 25 percent of earners, meanwhile, see their annual wages rise by 16.2 percent on average, or by about $4,100.

Low-wage workers benefit from rising diversity in the **bottom half** of the labor market.

A diversity boost among the bottom 50 percent of wage earners in a metropolitan area raises the average local wages of workers in the city overall by 1.6 percent. That effect, however, is driven by dynamics at the lower end of the labor market: While other workers see a statistically insignificant effect, the lowest 25 percent of earners see their wages rise by 2.1 percent on average.

Increasing diversity among the lowest earners has either a **positive or neutral effect** on others.

When the lowest 25 percent of earners in a given workplace experiences a diversity boost, the wages of other workers at that company—across all income tiers—rise. At the metro level, such a diversity boost appears to have no significant effect—either positive or negative—on the income of other local workers.

meanwhile, does not either help or hurt other workers in the same city or workplace. And when immigration makes the highest-paid workers in a city more diverse, workers across the board at all income tiers experience large wage gains, translating into thousands of dollars of additional income per year.

Before discussing our results, however, it is important to make clear what we mean by an increase in diversity. In this report, diversity is linked directly to an area's foreign-born population. Metropolitan areas can become more diverse in multiple ways—by shrinking their native-born population, growing their foreign-born population, or absorbing immigrants from a wider variety of countries. To capture all these changes in one measure, we created a diversity score that ranges from 0 to 1. As the score approaches 0, the closer the population is to being composed entirely of native-born individuals. The closer the score is to 1, the higher the likelihood that two people selected at random were born in different countries.

We use this scale to express our results. In this report, when we refer to a "diversity boost," we are discussing an increase, either taking place suddenly or over the course of the full period we study, of roughly .13 on the scale. We chose .13 because it is equivalent here to what in statistics is known as a "standard deviation"—a concept used to capture how spread out or tightly grouped numbers are in any dataset. Researchers describe all kinds of phenomena using standard deviations—from test scores to the absorption of college graduates across cities. To understand how the concept works in this case, it is useful to think of what a diversity boost would mean for a metropolitan area with a level of diversity equal to the national average for all cities in our sample. For that city, an increase of .13 would mean that a metro area with an 18 percent chance that two residents chosen at random were from different countries would see that chance rise to 31 percent.

In recent years, small metropolitan areas such as Jacksonville, North Carolina and larger ones such as Miami have all experienced a diversity boost—an event that our research powerfully links to rising wages.

When immigration makes the **highest-paid workers** in a city more diverse, workers across the board at **all income tiers experience large wage gains**.

These findings run counter to what many immigration critics say about foreign-born workers. Rather than harm the wages of U.S. workers, immigrant diversity appears to have widespread benefits across the labor force. Even when cities experience increases in the diversity among the lowest-paid workers—those most often accused of harming low-wage U.S. workers—our results show no such negative wage effects on other workers in the city. What's more, when diversity increases among the bottom 25 percent of earners at a given company, their coworkers at the same company actually see their wages rise. This data suggests that immigrant workers indeed enrich local labor markets, increase productivity, and ultimately raise wages by virtue of the varied skill sets and diverse backgrounds they bring.

The findings of this report should serve as encouragement for the many U.S. cities and firms already making major efforts to welcome immigrants. Some cities, responding to decades of economic and demographic stagnation, have created offices aimed at attracting immigrants to their communities. Others, seeking to remain competitive and economically vibrant, are attempting to retain more international students so employers have access to the workers they need. This report provides strong evidence that such efforts have the potential to improve the quality of life and economic health of local families in the long term. In an age when many federal immigration reform measures are caught in legislative deadlock, such policies are one step local leaders can take to ensure that their communities feel the benefits that diversity can bring.

Introduction

In 2005 the city of Buffalo, New York was struggling. The city's population had fallen by roughly half since its peak in the 1950s.[4] Dozens of abandoned steel factories littered the waterfront.[5] And more than one in four of the city's residents were living in poverty, more than double the national average.[6] Entering office that year, the city's new mayor, Byron W. Brown, promised to improve Buffalo's economic future. He vowed to redevelop large swaths of the city. He went on the road, promoting Buffalo's virtues to expanding companies in places as varied as California and Massachusetts.[7] Equally important, Brown embraced policies that welcomed immigrants and encouraged diversity. Today, the city boasts an Office of New Americans, which helps immigrants navigate city services and access local job opportunities. More than 5,600 individuals and businesses have signed onto an "Opportunity Pledge," a commitment to promote diversity and extend opportunities to all.[8]

In the years since Buffalo embraced welcoming immigrants, the city has started to see signs of **real and meaningful economic revitalization.**

In the years since Buffalo embraced such efforts, the city is starting to see signs of real and meaningful economic revitalization. The Buffalo-Niagara metropolitan area added 12,600 new jobs in 2014—more positions than it gained in the entire four years prior.[9] A section of the waterfront that was once home to steel manufacturing is being redeveloped so it can host green energy firms.[10] Most promisingly, the Buffalo-Niagara metropolitan area, which has long had wages below the national average, has recently seen its workers gain ground. Between 2010 and 2015, the average wage in the metro area rose by 9.5 percent.[11] In 2014, the average income of residents grew faster than the national average for the first time in seven years.[12]

Although many factors play into the economic revitalization of a metropolitan area like Buffalo, this report explores one reason why policies that promote immigration and diversity are part of the recovery story for many once-declining American cities. While past research has indicated that immigrants help found new businesses or grow the tax base in urban centers, our research focuses on a less-noticed effect of immigration. Specifically, the role that diversity itself, achieved through immigration, can play raising the wages of other workers in a given metropolitan area. The effect is also examined within workplaces, looking at how income increases when employees within a single organization become more diverse.

Our work produces findings that should encourage civic leaders like Mayor Brown. We find that, netting out the effects of other factors, diversity raises the wages of the average worker in a metropolitan area by a considerable amount. And, slicing urban populations into income quartiles, we find that the benefits arising from increases in diversity at the metropolitan level accrue not just to high-skill, highly-remunerated workers, but to some of the most vulnerable, lowest-paid workers as well.

Buffalo, like many struggling metropolitan areas, still has a ways to go before it can claim full economic recovery. Mayor Brown, however, has said that furthering diversity remains an important part of his strategy, explaining earlier this year that "a community wide mindset that embraces diversity and inclusion" will only "accelerate" the city's growth.[13] This report shows the wisdom of such ideas. It also puts numbers to what diversity means for workers across the income spectrum.

CASE STUDY

San Antonio, Texas

In the last several decades, all of the major cities in Texas have been indelibly changed by immigration. While many think of Texas as one of the country's most popular destinations for immigrants, that wasn't always the case. In 1990, just 9 percent of Texas's population was foreign born. By 2012, that figure had risen to 16.4 percent.[14] Experts say immigrants were attracted to the state by the low cost of living, low taxes, and shift in the state's economy towards more agriculture and manufacturing jobs, particularly after the oil bust in the late 1980s.[15] San Antonio was no exception to these broader trends. From 1990 to 2011, the city's foreign-born population more than doubled.[16]

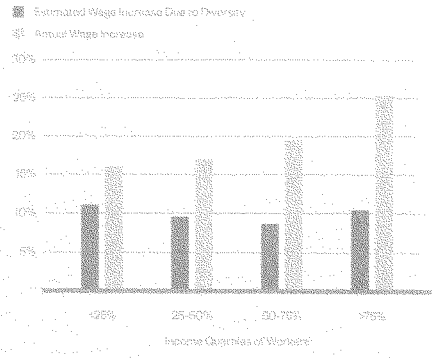
The huge migration of immigrants to Texas made several cities in the state—including Laredo, Brownsville, Dallas, and Austin—among the places that experienced the largest diversity boosts during the period of our study. San Antonio in particular, however, stands out because of the changing type of immigrants the area has been receiving in recent decades. As home to two large medically focused military installations,[17] San Antonio has experienced rapid growth in its biomedical and healthcare services industries in recent years.[18] In a city where two thirds of immigrants have historically been from Mexico, growth in the health, biomedical, and technology fields has brought in more high-skilled immigrants from places as varied as India, Russia, and South America.[19] They have joined the large numbers of lesser-skilled immigrants working in recreation, tourism, and food services. That industry is the second largest industry in the metro area, employing close to 14 percent of the population.[20]

Such a large surge in diversity has undoubtedly helped all of Texas—San Antonio included—grow wages and opportunities for local workers. From 1990 to 2011, workers at each quartile within the San Antonio metro experienced wage gains ranging from roughly 16 to 25 percent, according to the American Community Survey.[21] Based off the modeled findings from the LEHD data tracking diversity and individual's wages through time across 160 cities, we estimate that workers across all income tiers would experience a wage increase as a result of a diversity boost like the one experienced by San Antonio.

Recent wage gains for workers in all income tiers could be partly a result of **rising levels of diversity** in San Antonio.

Comparing our findings with real wage data suggests that more than half of the recent wage gains for workers in each of the lower two tiers could be a result of the rising levels of diversity in San Antonio more broadly. For the highest two tiers of earners, we estimate that roughly 40 percent of recent wage gains could be explained by the city's growingly diverse population.[22]

WAGE INCREASES IN SAN ANTONIO, 1990-2011



Sources for Graph: Authors' calculations from pooled city models using the U.S. Census Bureau's Longitudinal Employer-Household Dynamics data, 1991-2008, applied to public use data on San Antonio's immigrant diversity levels and wages from U.S. Census 5% Samples for 1990 and 2011 American Community Survey 5-year samples, accessed through IPUMS USA (Ruggles et al. 2010).

Background

In recent decades, the immigrants arriving in America have become strikingly more diverse than those who came before them. Much of this has to do with the decision in 1965 to pass the Immigration and Nationality Act, which abolished the system of national quotas that strongly favored northern European immigrants.[23] In 1960, 75 percent of all foreign-born people in the United States were born in Europe.[24] Today, that figure stands at just 12 percent.[25]

In 1960, **75%** of all foreign-born people in the United States were born in Europe. Today, that figure stands at just **12%**.

As the United States has welcomed this new wave of more diverse immigrants, there has been widespread interest in how local labor markets and communities are affected by this demographic change. One question of interest to many researchers is how the presence of the diverse set of ideas and experiences brought by immigrants may help or hurt other workers. Some researchers have theorized that immigrant diversity may make it more difficult for coworkers to communicate effectively or engage in teamwork, potentially lowering their productivity. Others have argued that diversity should have the opposite effect. Ideas about the benefits arising from diversity rest on the notion that a person's place of birth profoundly shapes his or her approach towards problem solving. More diverse groups then would be better positioned to see a wider range of solutions to shared problems, a reality that could potentially help them formulate entirely new ideas. This would raise worker productivity, and ultimately wages as well.

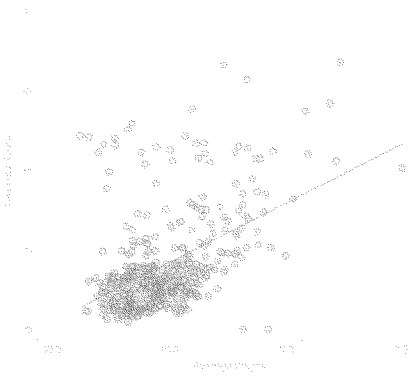
Studies examining data from various countries and time periods indicate diversity appears to have a net positive impact on productivity and wages.[26] Past research on this topic, however, has not looked at what diversity means for workers at different income levels. A positive effect for the average worker might conceal big differences for workers who possess certain characteristics. Based on this, a few key questions emerge. First, does increased diversity benefit both low-paid and high-paid workers equally? Second, if an increase in diversity is driven by changes at the high or low-end of the workforce, do other workers still enjoy positive wage benefits? These questions are important, given that lower-paid workers may engage in less complex problem solving than higher-skilled or higher-paid workers. We tackle these questions in this report.

Past research on this topic, however, has not looked at what diversity means for workers at **different income levels**.

Our Data Advantage

In general, highly diverse communities in the United States are also the places where average wages tend to be high. In Figure 1 below we show the relationship between immigrant diversity and the average wage in metropolitan areas using data from the 2007 to 2011 time period.[27] While the relationship is clearly strong, such data do not prove that diversity is one of the factors causing wages to rise. For instance, could highly productive individuals simply be deciding to work in more diverse cities for reasons not captured in the survey data? Are immigrants moving to cities where the wages are already high? Either of these

FIGURE 1: THE RELATIONSHIP BETWEEN A METROPOLITAN AREA'S DIVERSITY LEVEL AND THE AVERAGE INCOME OF RESIDENTS, 2011



Note: Data come from a 5-year (2007-2011) 5 percent public-use sample of the American Community Survey, from IPUMS (Ruggles et al, 2010). Points on the scatter plot reflect actual city values for log wages and diversity, whereas the solid line reflects the least squares fitted regression line. As a point of reference, the natural log of 10.5 is equal to $36,315 in 2011 dollars.

issues could explain the relationship between diversity and high wages. This snapshot also cannot answer another important question: What is the relationship between diversity and wage growth over time? Does it appear that a diversity increase is followed by an increase in wages?

In a recent study, "Spillovers From Immigrant Diversity in Cities," we, the academic authors of this report,[28] addressed these questions.[29] One reason why it was possible for us to do so involved the uniquely comprehensive data source we used: The U.S. Census Bureau's confidential Longitudinal Employer-Household Dynamics (LEHD) dataset. These data link individual workers to their employers over a range of years—specifically starting as early as 1991 and continuing through 2008. For our project, we used data from 160 U.S. metropolitan areas in nearly 30 states, and built our diversity measures on all the workers available in the LEHD data. When we calculated changes in wages, we chose to restrict our focus to individuals who remained working at the same employer for at least two years. Even with this restriction, our analysis was based off 33 million individual U.S. workers and their respective employers. Compared with prior work, that technique allowed us to considerably raise our confidence that what we observe is indeed a causal link between diversity increases and wage growth. In this paper, we use the same approach, this time breaking workers down into wage quartiles to enhance our analysis.

Compared with prior work, the technique we used considerably raised our confidence that what we observe is indeed **a causal link between diversity increases and wage growth**.

Terms Used in the Report

In this report, we rely on a series of terms to discuss the level of diversity in a given metropolitan area. One of the terms we employ most frequently is the "diversity score." This commonly accepted measure—referred to as a "fractionalization index" by academics—captures the probability that any two randomly selected people in a city were born in different countries. The score, which ranges from 0 to 1, allows us to gauge increases in diversity not only from having more immigrants, but also from having immigrants that hail from a wider range of countries. The closer to 1 that a metro area's diversity score is, the higher the likelihood that two randomly selected people in that area were born in different countries. Conversely, when the diversity score is close to zero, native-born Americans make up nearly the entire population.[30] Using publicly

TABLE 1: METROPOLITAN AREAS WITH THE HIGHEST AND LOWEST BIRTHPLACE DIVERSITY IN 2011

RANK IN 2011	METROPOLITAN AREA	2011 DIVERSITY SCORE (0-1)	1990 DIVERSITY SCORE (0-1)
1	Miami-Fort Lauderdale-Pompano Beach, FL	0.67	0.54
2	Los Angeles-Long Beach-Santa Ana, CA	0.63	0.55
3	San Francisco-Oakland-Fremont, CA	0.57	0.41
4	Salinas, CA	0.56	--
5	New York City-N. New Jersey-L. Island, NY-NJ-PA	0.55	0.26
...			
350	Williamsport, PA	0.03	0.01
351	Huntington-Ashland, WV-KY-OH	0.03	0.07
352	Altoona, PA	0.03	--
353	Johnstown, PA	0.02	0.04
354	Parkersburg-Marietta-Vienna, WV-OH	0.02	0.02

[illegible]

available data, Table 1 highlights the most and least diverse cities in the country in 2011 using this measure.

The results we present in the following sections quantify how workers' wages are impacted when diversity goes up in the workplace or metropolitan area around them. When discussing increases in diversity, we use a different term, the "diversity boost." A diversity boost is a fixed amount, equal to an increase of .13 on the diversity scale. We chose that number because it is equivalent to what is known as one "standard deviation" in the academic literature. Statisticians frequently use standard deviation to show what a change of similar magnitude means to entities that start out at very different places on a scale. For instance, boosting test scores by a certain percentage would mean very different things to a failing student versus one with a B average. Standard deviation helps to provide a measurement that captures a boost of equal importance to all types of students.

How a diversity boost looks in the real world depends on the size of the setting. Smaller, less diverse cities can increase their diversity score with much smaller influxes of immigrants than large metro areas. Small Jacksonville, North Carolina, for instance, saw its diversity score increase by 0.13 between 1990 and 2011. During that

period, the foreign-born share of its workforce increased from 3.8 percent to almost 6.9 percent and the number of countries of origin represented increased from 25 to 66. These changes happened while the city's overall population grew by around 27,000. In a larger, more diverse city like Miami, on the other hand, a diversity boost can look somewhat different. Between 1990 and 2011, the Miami metropolitan area grew from nearly 3.2 million to more than 5.5 million residents. It also saw its diversity score increase by slightly more than 0.13. From 1990 to 2011, the foreign-born share of Miami's workforce increased from 39.2 percent to 46.3 percent, while the number of countries of origin represented among immigrants increased from 130 to 149.

How a diversity boost looks in the real world **depends on city size and context**.

What the diversity boost would mean to residents in a given city also varies depending on the context. Our data indicates that the average U.S. city in our sample had a diversity score of .18 in 2011—meaning there was an 18 percent chance two random residents of the community hailed from different countries of origin. For a city with that level of diversity, experiencing a diversity boost would raise its overall diversity score from .18 to .31. That would make it 72 percent more likely that two random people on the street hailed from different countries (because 31/18=1.72). For a place like Miami, however, a diversity boost would feel less consequential. If Miami's .67 percent diversity score in 2011 is boosted to .8, residents would become only 19 percent more likely to encounter someone from elsewhere.

Over the 21 years of public data that we examine between 1990 and 2011, 15 percent of the cities we observe saw their diversity scores increase by more than 0.13.[31] There were also a number of cities that increased their diversity by substantially more than one diversity boost over this period—including Laredo, Texas and Durham, North Carolina, as we discuss in later sections. The average increase in immigrant diversity across all cities over this time period is about 0.065, or half a diversity boost. A representative worker in a city that experiences a diversity boost of that size would enjoy a wage benefit equal to half of what we document here.

Over the 21 years of public data that we examine between 1990 and 2011, **15%** of the cities we observe saw **a full 'diversity boost' or more**.

CASE STUDY

Gainesville, Georgia

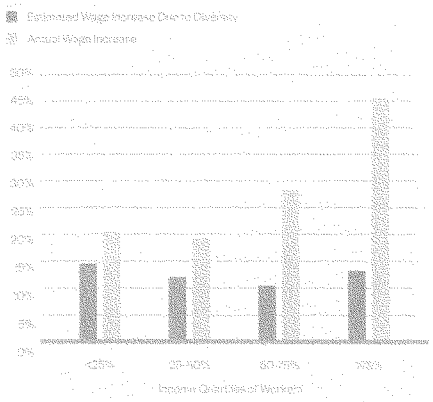
It's hard to talk about Gainesville, Georgia, a small metropolitan area in the Northeastern part of the state, without speaking about poultry. Long nicknamed "the poultry capital of the world," Gainesville is home to some of the country's largest poultry processors, including Pilgrim's Pride, Fieldale Farms Corporation, and Mar-Jac Poultry, which employ thousands of local workers each.[32] After expanding in the 1980s, however, many of these firms found they could no longer find enough American workers willing and able to do the arduous work in their factories. That led such firms to turn to immigrant workers, and particularly, Latin Americans. While roughly 2,000 immigrants lived in the metro area in 1990, that figure had surpassed 28,000 by 2011.[33] In the 1990s alone, the Gainesville's Hispanic population more than quadrupled.[34]

Although many would argue that such a surge in diversity would be bad for a community, in recent decades, **Gainesville has experienced strong wage gains across all income tiers.**

Because of these changes, Gainesville experienced the sixth largest diversity boost of any U.S. metropolitan area between 1990 and 2011. The increase in diversity was felt from the lowest tier of workers, such as line workers in poultry factories, up to the highest, such as the increasingly diverse set of educators and business managers who moved to the area to serve them. On Main Street, most businesses now hang signs in the windows saying "Se Habla Espanol" to be welcome to Spanish speaking customers.[35] Recent research has found that at 63 percent of the students in Gainesville schools, including one prominent National Blue Ribbon School of Excellence, hail from immigrant families.[36]

Although many immigration proponents would argue that such a surge in diversity would be bad for a community, in recent decades, Gainesville has experienced strong wage gains across all income tiers. Between 1990 and 2011, the average wage grew by roughly 20 percent for the city's bottom tier of earners, 19 and 28 percent for the two tiers in the middle, and more than 45 percent for top earners, according to the American Community Survey (ACS).[37] Increasing diversity likely played a large role driving such growth.[38] Applying our modeled findings to Gainesville's changes in diversity, calculated from ACS data, suggests that diversity could explain more than two-thirds of the wage gain experienced by the lowest-income workers from 1990 to 2011. It also could explain an estimated 30 percent of the gains experienced by the richest residents, as well as roughly 38 and 61 percent of the wage gains in the middle.

WAGE INCREASES IN GAINESVILLE, GEORGIA, 1990-2011



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Sources for Graphs: Author's calculations from analysis using the U.S. Census Bureau's Longitudinal Employer-Household Dynamics data, 1990-2015, analysis of public use data for Gainesville, GA's immigrant flow by level of wage from U.S. Census ZIP Codes for 1990 and 2011 American Community Survey 5-Year Estimates accessed through IPUMS USA (Ruggles et al. 2015).

The Effects of a Widespread Diversity Boost

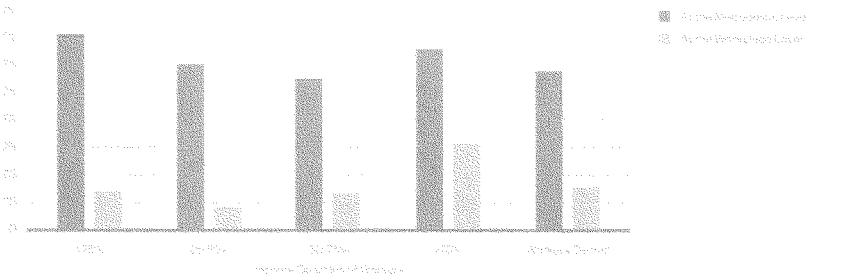
The following sections examine how the benefits arising from immigrant diversity are distributed among the working population. Specifically, we quantify how growing diversity impacts the wages of workers in different segments of the labor market, from those earning the lowest wages to those earning the highest. The first question we consider is what happens if the increase in diversity itself is measured across the entire workforce—with both low-paid and high-paid workers contributing to the changes in diversity over time.

Our study found that a single diversity boost at the metro level leads to a **6% increase in wages** for local workers.

The academic authors of this study examined the impact of such a widespread boost in diversity in a recent paper, which we described briefly in the background section of this report. The overall finding of that paper was that as urban immigrant diversity increases, average wages in a city also rise. In terms of the magnitude of that relationship, our study found that a single diversity boost at the metro level leads to a 6 percent increase in wages for local workers. When an individual employer experiences a diversity boost, wages in the workplace rise by nearly 2 percent. Note that these estimates are always for the average worker in each environment. In other words, the report did not consider whether low-paid or high-paid workers responded differently to changes in diversity. Did some types of workers get larger wage increases than the average overall?

In this study, we explore that question. Figure 2 shows how a widespread diversity boost affects workers of different income levels. It demonstrates that when a given metropolitan area experiences a diversity boost, workers in every single income tier experience positive

FIGURE 2: ESTIMATED WAGE INCREASE RESULTING FROM A WIDESPREAD DIVERSITY BOOST



and significant wage benefits. Estimates across these quartiles do vary, but across a fairly narrow range. For workers in the bottom 25 percent of wage earners, a diversity boost produces a 7.1 increase in wages, whereas for those between the 50th and 75th percentile, it is associated with a 5.4 percent wage increase. The wages of the wealthiest workers in the metro area also respond positively to rising diversity—growing by 6.6 percent. One surprising finding here concerns the impact that a city growing more diverse has on the lowest-wage workers in the area. While many critics argue that lower-wage workers are hurt by immigrant competition, this work actually shows that they experience wage increases in line with workers who earn more.[39]

To deepen the understanding of the economic impact of greater diversity, we also translated our results into dollar terms. The findings here show the additional amount per year that workers can expect to be earning roughly as their city experiences a diversity boost. For lower income workers, a widespread diversity boost raises average annual earnings by $1,800 more than they would have earned otherwise. The same increase in diversity translates into roughly $4,800 more per year for the average worker in the highest earning group. Here it is important to note that higher income workers receive more dollars from the diversity boost simply because their average wages started at a higher place to begin with, enlarging the effect in actual dollars of each percentage point increase.

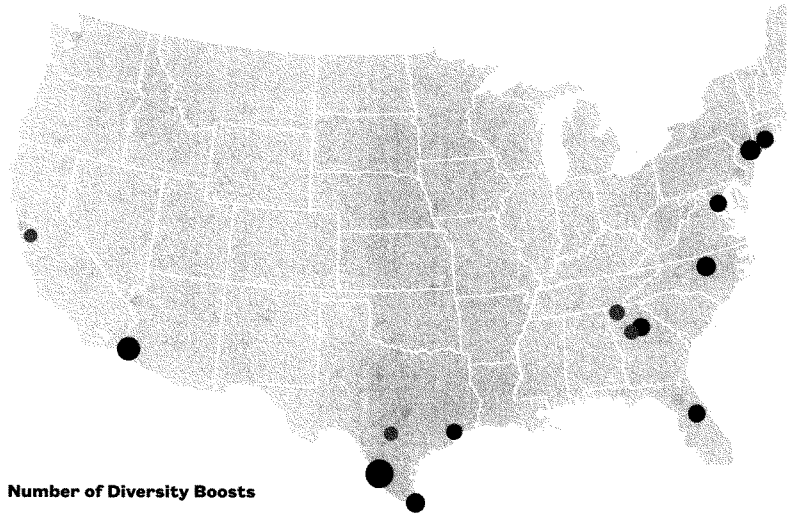
Our second layer of analysis looked at effects arising from changes in diversity in the workplace. Once again, we find that as diversity in workplaces increases, wages for the average employee there also increase. To understand the magnitude of this relationship, we once again examine the impact experienced when a given workplace undergoes a diversity boost, this time defining the term based on the distribution of diversity across all employers. Once again, we find that a single diversity boost inside a workplace has positive and significant wage benefits for workers at all income tiers. However, the increase in wages is smaller than what we saw when diversity increases citywide. As Figure 2 demonstrates, within workplaces, the benefits of rising diversity vary within a fairly narrow range: Wage increases range from 0.8 percent to 3.1 percent, depending on the income tier.

To add context to the metropolitan area findings, we also used data from the American Community Survey to pinpoint the 20 cities that experienced the largest increases in immigrant diversity, stated in terms of the number of diversity boosts experienced during the 1990-2011 period. (See Figure 3.) The diversity increase represented here, of course, mean different things to different cities. In Orlando, Florida and Washington, DC for instance, the diversity increase on the map means that between 1990 and 2011 a randomly chosen U.S.-born resident became twice as likely to run into someone from a different country on the street. In Yuma, Arizona and Austin, Texas, they became three times more likely. While in small Gainesville, Georgia that likelihood increased by a factor close to six.

For lower income workers, a widespread diversity boost raises average annual earnings by **$1,800 more** than they would have earned otherwise.

There are some interesting things to note about the group of cities represented in Figure 3. For instance, one in four of the cities are located in the state of Texas—including Brownsville, Houston, Austin, San Antonio, and Laredo. The strong presence of that state is little surprise considering that almost half of all new arrivals to Texas in recent years have been foreign-born.[40] Another interesting aspect of the map is that it also includes a wide range of different types of metropolitan areas. While many large, historically diverse cities appear—such as Atlanta, New York, Seattle, and Philadelphia—smaller, less prominent metropolitan areas are present as well, including Lake Havasu, Arizona and Dalton, Georgia, a center of U.S. carpet manufacturing. We discuss three specific cities—and the role diversity played raising wages there—in the case studies accompanying this report.

FIGURE 3: U.S. METROPOLITAN AREAS THAT EXPERIENCED THE LARGEST WIDESPREAD INCREASES IN DIVERSITY, 1990-2011



Number of Diversity Boosts

> 2	1.75 - 2	1.5 - 1.74	< 1.5
Laredo, TX Metropolitan Statistical Area	Orlando-Kissimmee-Sanford, FL Metropolitan Statistical Area	Dalton, GA Metropolitan Statistical Area	Austin-Round Rock-San Marcos, TX Metropolitan Statistical Area
Yuma, AZ Metropolitan Statistical Area	Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Statistical Area	Atlanta-Sandy Springs-Marietta, GA Metropolitan Statistical Area	Seattle-Tacoma-Bellevue, WA Metropolitan Statistical Area
New York-Northern New Jersey-Long Island, NY-NJ-PA Metropolitan Statistical Area	Bridgeport-Stamford-Norwalk, CT Metropolitan Statistical Area	San Antonio-New Braunfels, TX Metropolitan Statistical Area	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Metropolitan Statistical Area
Brownsville-Harlingen, TX Metropolitan Statistical Area	Houston-Sugar Land-Baytown, TX Metropolitan Statistical Area	San Jose-Sunnyvale-Santa Clara, CA Metropolitan Statistical Area	Gainesville, FL Metropolitan Statistical Area
Durham-Chapel Hill, NC Metropolitan Statistical Area			Lake Havasu City-Kingman, AZ Metropolitan Statistical Area
Gainesville, GA Metropolitan Statistical Area			San Francisco-Oakland-Fremont, CA Metropolitan Statistical Area

CASE STUDY

Gainesville, Florida

For many people, Gainesville, Florida is synonymous with one thing: The massive University of Florida, which graduates more than 14,000 students a year[41] and employs almost 28,000 local residents.[42] The university, in fact, is the backbone of the economy in this north Florida city, where both education and healthcare rank as the largest industries. UF Health, a healthcare system affiliated with the university, is the second largest employer, providing residents with roughly 12,000 jobs.[43] The Veteran's Affairs Medical Center provides jobs to another 3,500.[44]

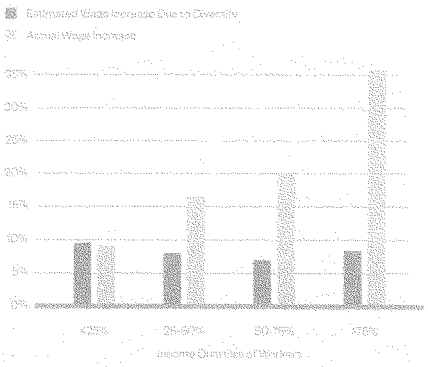
In recent decades, growing diversity in both the healthcare and education fields has made Gainesville strikingly more international: While 6.1 percent of the population was foreign-born in 1990, the figure reached 11.0 percent in 2011.[45] It's a story mimicked in several other college towns, including Ann Arbor, Michigan, which also experienced a sizeable diversity increase during the period of our study. In Gainesville, local hospital officials have said that immigrant healthcare professionals, including nurses from the Philippines, have helped medical facilities avoid staffing shortages and provide valuable care.[46] The University of Florida, meanwhile, has seen international enrollment grow in the last several decades. While international students on temporary visas made up less than 5 percent of enrollees at the University of Florida as recently as 1994, they accounted for more than 1 in 10 of the students the university graduated in the 2013-2014 school year.[47] From 2007 to 2012 alone, the number of Chinese students on campus more than doubled.[48]

While the growing diversity within Gainesville had a positive impact on the wages of workers at all income tiers, our figures show that it was particularly meaningful for the lowest tier of workers—or those in the bottom 25 percent. Between 1990 and 2011, the wages of the lowest-wage workers grew by 9.1 percent, according to the American Community Survey.[49]

Without the city's widespread increase in diversity, however, our research suggests their wages would have held steady during that period—or experienced zero growth after adjusting for inflation. For higher income workers, the story was different. Diversity can explain only about a fourth of the total 35.9 percent wage gain experienced by the highest tier of workers from 1990 to 2011. It also is one possible explanation for about a third of the wage growth explained by the second highest tier.[50]

Without the city's widespread increase in diversity, our research suggests that lower wage workers would have experienced **zero wage growth**.

WAGE INCREASES IN GAINESVILLE, FLORIDA, 1990-2011



Sourcing for Chapple Authors' coefficients from pooled cross-sectional Pre LFS, Bureau of Labor Statistics, Unpublished Employer-Household Dynamics data, 1991-2008, applied to public use data in Gainesville, FL's immigrant diversity levels and wages from US Census PUMS files for 1990 and 2011 American Community Survey 5-year Samples, accessed through IPUMS USA (Ruggles et al. 2015).

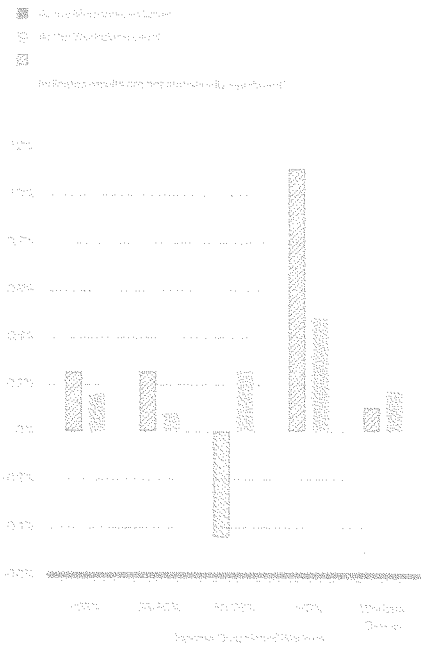
The Effect of Diversity Increases Among Just Lower or Higher-Income Earners

Greater Diversity Among Lower-Wage Workers

We now turn to the question of where the benefits of diversity come from. In some cities, rising diversity may occur disproportionately at one end of the labor force. A metropolitan area with rapidly expanding technology startups, for instance, may become more diverse largely at the higher end of the income spectrum as companies hire talented engineers from around the globe. Similarly, a city that boasts poultry production or meat slaughtering as the most prominent industry may become more diverse at the lower end of the earning spectrum if native-born workers turn away from jobs in the factories, leaving immigrants to fill such positions. Or it could be that immigrants are making all parts of the labor force more diverse, but the changes at one end or the other simple matter more for the overall picture. In this section, we estimate what increases in diversity among high- or low-paid workers mean for other workers in the same metropolitan area or at the same employer. This allows us to determine if the positive wage effects we document in the previous section are largely driven by change at one end of the pay scale or another.

First, we calculate the effect of increasing diversity among the least-well paid workers in each city and workplace. (See Figure 4.) We find a diversity boost among workers in the bottom 25 percent of earners at a given workplace has a very moderate, yet positive, impact on the wages of their co-workers at all income tiers. This includes roughly a half

FIGURE 4: ESTIMATED WAGE INCREASE RESULTING FROM A DIVERSITY BOOST AMONG THE BOTTOM 25 PERCENT OF EARNERS



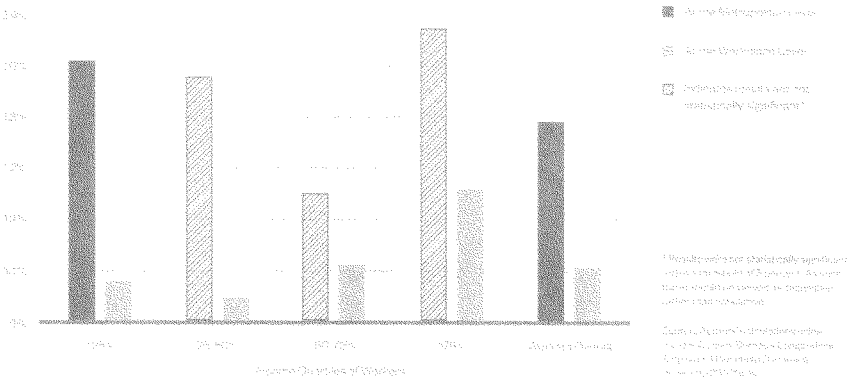
a percentage point increase in pay for the highest income workers at the same establishment, and a roughly 0.2 percent increase for workers in the lowest tier of earners. When the same type of diversity boost occurs in the broader metropolitan area, however, we find a somewhat less encouraging picture: Increasing diversity among the lowest income workers citywide has no meaningful effect on the wages of others. Instead, the estimated effect is very small and statistically insignificant.

A diversity boost among workers in the **bottom 25%** of earners at a given workplace has a very **moderate, yet positive**, impact on the wages of their co-workers at all income tiers.

It is important to note that while increasing immigrant diversity among the lowest paid workers offers no discernable wage benefit at the metro level, it also does not appear to harm other local workers either. This runs counter to what immigration opponents sometimes argue about influxes of less-skilled, immigrant labor. While our results do not rule out the possibility that there are indeed negative aspects of immigrant diversity in terms of productivity, these findings suggest that the positive benefits offset any potential losses.

Seeking to better understand the role of increased diversity among lower-income workers, we next widen our analysis—looking at what happens to wages when the entire lower half of wage earners in a city or employer experience a diversity boost. This means diversity increases among the pool of workers earning below the median in their workplace or broader metropolitan area. Cities with particularly high immigrant diversity among workers in the bottom half include large metropolises such as Miami, Los Angeles, New York, and San Francisco, as well as smaller cities like Salinas, California; Naples, Florida; and Las Vegas. Some cities have seen particularly large increases in immigrant diversity among lower-wage workers over the past couple of decades, including Gainesville, Georgia; Yuma, Arizona; Durham-Chapel Hill, North Carolina; and Bridgeport, Connecticut.

FIGURE 5: ESTIMATED WAGE INCREASE RESULTING FROM A DIVERSITY BOOST AMONG THE BOTTOM HALF OF EARNERS



As shown in Figure 5, a diversity boost across workers in the bottom half of the labor market in a metropolitan area produces a 1.6 percent wage increase for workers overall. When we unpack this finding by income quartile, however, what becomes clear is that this finding is driven by the relationship at the bottom end of the labor market. Only those in the bottom 25 percent of earners are influenced by rising diversity among the least well paid, with their wages rising by 2.1 percent. Workers in each of the other three quartiles are unaffected by changes in diversity among workers in the bottom 50 percent of the wage distribution.

A diversity boost across workers in the bottom half of the labor market in a metropolitan area produces a **1.6%** wage increase for workers overall.

When we turn our focus to diversity within a given employer, we see a familiar pattern to the previous section. Once again, increasing immigrant diversity in the workplace among those earning less than the median salary has a positive and statistically significant effect on the wages of those they work with. This raise, however, is small, ranging from 0.2 percent for wage earners making between 25 to 50 percent of the average to 1.1 percent for the top 25 percent of earners. This raise, however, is small, ranging from 0.2 percent for wage earners in the 25th to 50th percentile up to 1.1 percent for highest earners.

Greater Diversity Among the Highest-Paid Workers

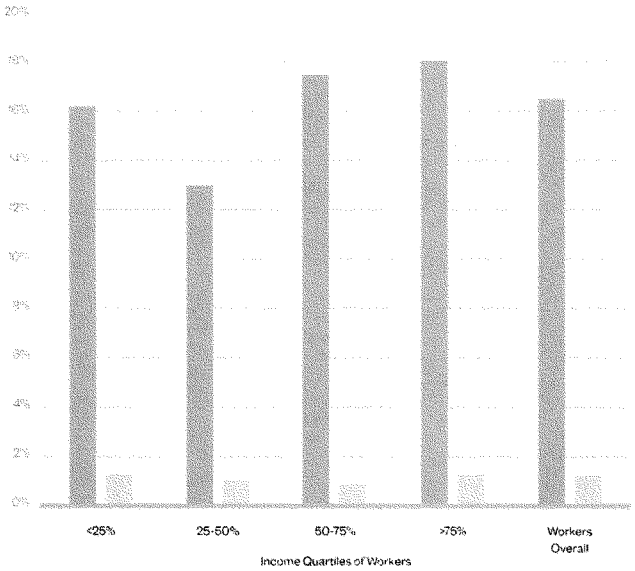
Finally, we turn our attention to immigrant diversity among the top 25 percent of wage earners in each city and workplace. Cities with particularly high immigrant diversity among this highly paid group of workers include many of the previously mentioned large and diverse metropolitan areas—such as San Francisco and New York—as well as a few other metro areas, including: El Centro, California, Trenton-Ewing, New Jersey, and McAllen, Texas. Since 1990, the largest growth in diversity in this group has been in several cities in Texas, such as Laredo, Brownsville, and Houston, as well as education and technology hubs like San Jose, California and Durham-Chapel Hill, North Carolina.

Immigrant diversity among high-wage earners has a strong impact on workers at all wage tiers. Indeed, the size of the effect is much larger than what we observed for lower income workers in the previous sections. A diversity boost among the highest earners at the metro level is associated with a wage increase of 16.4 percent for the average worker. The magnitude of the effect ranges from wage increases of around 13.5 percent for workers in the 25th-50th percentiles of their city's wage distribution, to almost 18 percent for workers in the highest income tier. For the average worker in the highest paid group, that boost translates into an additional $13,000 in annual pay. Wages among the lowest-paid workers rise by approximately $4,100.

When we turn our focus to diversity within the workplace, once again we see a smaller wage impact than in metropolitan areas. When diversity increases among the top 25 percent of earners in a given workplace, the average wages of workers there rises by 1.2 percent. This increase varies little across income tiers, and hovers around 1 percent for every income tier we examine.

For the average worker in the highest paid group, that boost translates into an additional **$13,000** in annual pay. Wages among the lowest-paid workers rise by approximately **$4,100**.

FIGURE 6: ESTIMATED WAGE INCREASE RESULTING FROM A DIVERSITY BOOST AMONG THE TOP 25 PERCENT OF EARNERS



Source: Authors' calculations using the U.S. Census Bureau's Longitudin Employer-Household Dynamics program, 1991-2008.

Conclusion

This report provides evidence that for many metropolitan areas across the country—from big cities to college towns to Southern manufacturing hubs—rising immigrant diversity has played an important role increasing workers' wages in recent decades. While prior research indicated that increasing diversity in a metropolitan area grew the wages of workers there by 6 percent, this study found that the benefits of diversity are experienced relatively consistently among higher- and lower-wage workers. This finding is particularly important for the lowest-paid American workers, a group that is often described as paying a cost when their cities experience an influx of immigrants. When cities experience a widespread diversity boost, workers in the bottom 25 percent of earners see their wages rise by 7.1 percent on average. When diversity increases among top earners in a given city, the benefit accruing to the lowest earners is even greater—with wages rising 16.2 percent.

When cities experience a widespread diversity boost, workers in the **bottom 25%** of earners see their wages rise by **7.1%** on average.

One of the most powerful findings of this report, however, concerns an issue frequently in the news during this year's presidential election cycle: The impact that greater immigrant competition has on similarly placed U.S.-born workers. While many critics of immigration argue that the arrival of immigrants depresses the wages of American workers, champions of immigration argue instead that the economy is more accurately thought of as a dynamic and growing entity: When immigrants with diverse ideas and new skills arrive, employers can fill positions that would otherwise remain vacant, hit on better solutions to problems, and expand into new areas of business .

When immigrants with diverse ideas and new skills arrive, employers can fill positions that would otherwise remain vacant, hit on better solutions to problems, and **expand into new areas of business**.

This report provides strong evidence of the latter interpretation of immigrants' role in the American economy. We find that when diversity increases among the bottom half of earners in a given city, not only are their fellow low-wage workers not hurt by that development, they enjoy an increase in their wages. A similar dynamic exists among the highest end of the wage scale, where we find that experiencing a diversity boost centered on the top 25 percent of earners in a city raises the wages of other top earners there by 18 percent. Such findings are part of a growing body of literature supporting the positive impact that immigrants are having on a diverse range of metropolitan areas across America, touching workers at a variety of income levels.

Methodological Appendix

Data and Approach

The data used to estimate the size of the relationship between rising diversity and wages in this report come from the U.S. Census Bureau's Longitudinal Employer-Household Dynamics (LEHD) program.[51] These data originate with administrative records shared with LEHD by state partners, providing quarterly earnings data for jobs covered by Unemployment Insurance, which is about 90 percent of employment in the United States.[52] The administrative data are supplemented by other sources of Census Bureau data on the characteristics of the employers and employees. There is extensive geographical coverage in these data: We have data for about 30 states, from which we have complete coverage on all necessary variables for about 160 metropolitan areas. There is also deep longitudinal coverage: our data span from as early as 1991 through 2008.

The jobs frame in the LEHD provides a link between individual workers and their employers, but also by extension, between coworkers. This allows us to identify employees in particular metropolitan areas and complete groups of coworkers in places of employment in each calendar year. Because the LEHD data provide the country of birth for each individual, we can calculate measures of birthplace diversity for each city in our sample, which change annually as people move in and out of the city's labor force. But we can also build birthplace diversity measures for each workplace, shifting annually as workers join or leave the establishment. This allows us to better understand the scale of the diversity effects – whether they are primarily emanating from interactions at work or in the "sidewalk ballet" described by Jane Jacobs.[53] The specific measure of diversity we use is quite common in the academic literature on immigrant diversity.[54] The birthplace fractionalization index captures the probability that any person you might run into randomly on the street was born in a different country from you, as expressed mathematically:

$$Fractionalization_j = 1 - \sum_{r=1}^{R} s_{rj}^2$$

where s is the proportion of residents in city j who were born in country r; and R is the number of different countries represented among residents of that city. The index is near zero when diversity is low (when nearly everyone in the city was born in the same country) and nears one as diversity increases. One of the helpful features of this measure is that it captures increases in diversity from both the number of countries people come from and increases in the size of each national group.

For workplace diversity measures, we use the same basic fractionalization measure, calculating the diversity of each group of coworkers. The only difference is that we weigh the contribution of workers to workplace diversity quarter by quarter. Meaning if a person works for half the year for one employer and half the year for another, that person counts as "half" a person in each workplace for that calendar year.

We calculate these city and workplace specific diversity measures annually for all workers, but also specific to particular segments of the labor market. This helps us better understand where any effects of diversity are coming from: Are the effects specifically coming from workers at the top or bottom of the wage distribution? Does diversity at one end of the pay scale affect the wages of workers at the other end, or just the workers in their own segment of the labor market? To do this, we calculate three additional annual city-level

fractionalization measures: diversity among workers in the bottom quartile of each city's wage distribution, diversity among those below the median, and diversity among those above the 75th percentile. We do the same thing at the establishment-level, calculating three additional workplace specific diversity measures: for groups of workers below the 25th percentile, below the median, and above the 75th percentile of their workplace's wage distribution.

The annual measures of diversity at the city and workplace levels are calculated using all available metro area workers in the LEHD data. However, when we turn to estimating the effect of this diversity on workers' wages, we focus on a narrower subset of workers. We look only at workers who remain in a single job for at least two consecutive years, who we call 'stayers,' taking full advantage of the panel structure of the LEHD data. By doing so, we are able to more closely isolate the relationship between changing diversity and individuals' wages, by excluding and controlling for several other potential influences on wage changes. First, it allows us to observe changes in individual's wages in a single workplace, excluding cases where changes in wages may be due to job changes. Second, it allows us to control for hard-to-observe characteristics that may be important to both wages and patterns of geographical sorting, such as having high human capital—i.e. innate ability, intelligence, motivation, etc. In other words, there could be two U.S. born, white, college dropouts that are observably similar, but one is Average Joe and one is Mark Zuckerberg. They have some clear important unobservable differences in human capital that are likely to contribute strongly to different earnings levels. If the Zuckerbergs in the U.S. disproportionately choose to move to places like Silicon Valley that also happen to be more immigrant diverse, then we might misattribute any correlation between diversity and wages to increasing productivity from diversity spillovers rather than uneven geographical sorting. Focusing on the change in wages of stayers over time while diversity in the city and their workplace moves around them controls for stationary unobserved characteristics that may affect their wage gains. Because the work establishment and city remain the same for each stayer by definition, any stationary unobserved heterogeneity at the workplace and at the metro level also drop out of the model. Additionally, we observe not just the relationship between levels of diversity and levels of wages, but also the relationship between changes in diversity and changes in wages. All these aspects of our analytical strategy help us make more confident statements about the causal effect of immigrant diversity on the average wages of all workers.

By limiting our analytical sample to the longest single job spell recorded in the LEHD data of at least two years for each worker, we exclude many observations. However, our analytical sample remains enormous. We observe wages changes for over 33.5 million individual stayers. The stayers also broadly resemble the U.S. urban labor force, as can be seen in Appendix Table 1, although the sample is certainly missing individuals with extremely low labor market attachment.

The 33.5 million individual workers in our analytical sample include highly paid employees, workers earning very little, and everyone in between. To understand whose wages may be affected by changing diversity, and where those effects come from, we group the stayers by wage quartiles, specific to their metropolitan area. Quartile 1 consists of workers with the lowest earnings, those who earn less than the 25th percentile of the wage distribution in their metro area. In Quartile 2 are employees between the 25th and 50th percentile, in Quartile 3 are those between the 50th and 75th percentiles, and Quartile 4 contains the highest paid workers, who earn above the 75th percentile in their metro. Grouping stayers in this way allows us to estimate the wage-diversity relationship across the different segments of the labor market. It also allows us to calculate immigrant diversity—our term for birthplace fractionalization—among workers in different quartiles of their city's wage distribution and their workplace's wage distribution.

APPENDIX TABLE 1: SUMMARY STATISTICS OF THE ANALYTICAL SAMPLE

VARIABLE	MEAN	STANDARD DEVIATION
Individual 'Stayers'		
Log Annual Earnings	10.48	0.637
Age	40.32	11.67
White	0.667	0.471
U.S. Born	0.840	0.366
Female	0.467	0.499
Spell Duration	4.970	3.304
Workplace Establishments		
Birthplace Fractionalization	0.220	0.207
Employment (number of coworkers)	63.01	278.39
Metropolitan Area		
Birthplace Fractionalization	0.180	0.129
Employment (size of labor force)	472,000	882,900
College Share of the Labor Force	0.256	0.074
Counts		
Total Observations (Person-Year)	166.54 million	
Individuals	33.54 million	
Workplace Establishments	1.193 million	
Metropolitan Areas (CBSAs)	163	

Estimating the effect of changing diversity on wages

To estimate the size of the change in wages with an increase in immigrant diversity, we estimate the following equation:

$$ln(w)_{ipjt} = d_{jt}\beta + d_{pjt}\gamma + X'_{ipjt}\delta + E'_{pjt}\theta + C'_{jt} + \mu_{ipj} + \eta_t + \nu_{ipjt}$$

The dependent variable is the change in logged annual wages, specific to each individual (i), who works in establishment (p) in metropolitan area (j) at time (t). There are two key explanatory variables: city specific immigrant diversity (d_{jt}) and establishment specific immigrant diversity (d_{pit}). The rest of the terms in the equation are controls, for time-varying individual characteristics (X'), employer characteristics (E'), employer characteristics, and city characteristics (C'). As discussed above, focusing on stayers allows us to account for the unobservable characteristics of individuals, establishments, and cities that stay the same over time in a single fixed effect term (μ_{ipj}). We also include a year fixed effect (η_t), which absorbs time specific shocks that are uniform across all individuals, such as business cycles. The final term is the standard error term (v_{ipit}). Applying the fixed effects estimator, this equation shows how an individual's wages respond to changes in the level of immigrant diversity in her metropolitan area and workplace, while holding constant other important sources of variation.

APPENDIX TABLE 2: FIXED EFFECTS ESTIMATES OF THE SPILLOVERS FROM IMMIGRANT DIVERSITY AMONG ALL WORKERS BY WAGE QUARTILE

	DEPENDENT VARIABLE: LOG OF ANNUAL EARNINGS				
	(1)	(2)	(3)	(4)	(5)
	ALL WORKERS	WAGE QUARTILE 1	WAGE QUARTILE 2	WAGE QUARTILE 3	WAGE QUARTILE 4
City Measures					
Birthplace Fractionalization	0.375***	0.436***	0.384***	0.347***	0.414***
	(0.065)	(0.058)	(0.086)	(0.099)	(0.123)
College Share	0.162***	(0.004)	0.089**	0.233***	0.499***
	(0.040)	(0.035)	(0.041)	(0.063)	(0.071)
Employment	0.000***	0.000***	0.000***	0.000***	0.000***
	0.000	0.000	0.000	0.000	0.000
Establishment Measures					
Birthplace Fractionalization	0.073***	0.069***	0.040***	0.062***	0.139***
	(0.007)	(0.004)	(0.007)	(0.013)	(0.018)
Employment	0.000*	0.000*	0.000	0.000**	0.000
	0.000	0.000	0.000	0.000	0.000
Observations (millions)	166.54	51.57	42.30	37.92	34.65
Individuals (millions)	33.54	11.90	8.44	6.97	6.23

Notes: This table generates the [illegible] in the Section [illegible] that [illegible] is corrected for clustering by establishment. [illegible] *** p<0.01. New affiliate indicators in each model. Overall counts of individuals and observations are rounded to the nearest 10,000 to protect confidentiality. Estimation conducted using [illegible]

Appendix Table 2 reports the estimates of Equation 2 where the two measures of diversity are calculated using all workers in each metro area and all coworkers in each establishment, thus estimating the effect on wages from diversity across all segments of the labor market. The first column presents results for all workers together.[55] Note the positive and significant (at the 1 percent level) coefficients for both city and establishment birthplace fractionalization. These are what allow us to estimate the impact of a one standard deviation increase in diversity (or "diversity boost" as we call it in the body of the report) on the wages of an average worker, as presented in Figure 2 of the report. Reassuringly, the control variables in this and the other columns operate in much the way we might expect, suggesting that we are controlling as well as possible for other sources of variation in the change in wages. In the subsequent columns in this table, we turn our attention to who benefits from this overall positive effect of increasing diversity. Column 2 presents estimates for the lowest paid workers in each city, and on up through Column 5, which shows estimates for the highest paid workers in each city. Note that all groups not only have positive and significant coefficients for metro level diversity, but also that they are roughly the same magnitude.

Appendix Table 3 shows the estimates of Equation 2, but using the diversity measures calculated on the group of workers earning the lowest wages in each city and each workplace. These are the estimates that produce the size effects in Figure 3 in the body of the brief. Note that in these results, city-level diversity is not significant for any group of workers.

APPENDIX TABLE 3: FIXED EFFECTS ESTIMATES OF THE SPILLOVERS FROM IMMIGRANT DIVERSITY AMONG THE LOWEST WAGE EARNERS (BELOW THE 25TH PERCENTILE) FOR ALL WORKERS AND BY WAGE QUARTILE

	DEPENDENT VARIABLE: LOG OF ANNUAL EARNINGS				
	(1)	(2)	(3)	(4)	(5)
	ALL WORKERS	WAGE QUARTILE 1	WAGE QUARTILE 2	WAGE QUARTILE 3	WAGE QUARTILE 4
City Measures					
Low Wage Birthplace Fractionalization (<25th p)	0.007	0.017	0.018	(0.036)	0.084
	(0.047)	(0.037)	(0.063)	(0.072)	(0.090)
College Share	0.219***	0.053	0.145***	0.296***	0.505***
	(0.041)	(0.035)	(0.042)	(0.064)	(0.073)
Employment	0.000***	0.000***	0.000***	0.000***	0.000***
	0.000	0.000	0.000	0.000	0.000
Establishment Measures					
Low Wage Birthplace Fractionalization (<25th p)	0.009***	0.008***	0.004***	0.008***	0.023***
	(0.001)	(0.001)	(0.001)	(0.002)	(0.004)
Employment	0.000*	0.000*	0.000	0.000**	0.000
	0.000	0.000	0.000	0.000	0.000
Observations (millions)	166.54	51.57	42.3	37.92	34.65
Individuals (millions)	33.54	11.9	8.44	6.97	6.23

Notes: [illegible] Standard errors in parentheses, corrected for clustering by establishment. *p<0.10, **p<0.05, ***p<0.01. Stars reflect standard errors in parentheses. Overall counts of individuals and observations are rounded to the nearest 10,000 to ensure confidentiality. Estimates produced using [illegible]

APPENDIX TABLE 4: FIXED EFFECTS ESTIMATES OF THE SPILLOVERS FROM IMMIGRANT DIVERSITY AMONG THE LOW WAGE EARNERS (BELOW THE 50TH PERCENTILE) FOR ALL WORKERS AND BY WAGE QUARTILE

	DEPENDENT VARIABLE: LOG OF ANNUAL EARNINGS				
	(1)	(2)	(3)	(4)	(5)
	ALL WORKERS	WAGE QUARTILE 1	WAGE QUARTILE 2	WAGE QUARTILE 3	WAGE QUARTILE 4
City Measures					
Low Wage Birthplace Fractionalization (<50th p)	0.115**	0.148***	0.139*	0.078	0.164
	(0.056)	(0.043)	(0.072)	(0.084)	(0.106)
College Share	0.199***	0.030	0.122***	0.274***	0.486***
	(0.040)	(0.035)	(0.042)	(0.064)	(0.072)
Employment	0.000***	0.000***	0.000***	0.000***	0.000***
	0.000	0.000	0.000	0.000	0.000
Establishment Measures					
Low Wage Birthplace Fractionalization (<50th p)	0.020***	0.016***	0.009***	0.021***	0.051***
	(0.003)	(0.002)	(0.002)	(0.005)	(0.009)
Employment	0.000*	0.000*	0.000	0.000**	0.000
	0.000	0.000	0.000	0.000	0.000
Observations (millions)	168.54	51.57	42.3	37.92	34.65
Individuals (millions)	33.54	11.9	8.44	6.97	6.23

Notes: The table presents the findings in Figure 5 in the body of the brief. Standard errors in parentheses, corrected for clustering by establishment. * p<0.05, ** p<0.01, *** p<0.001. Year effects included in each model. Time-invariant individuals and observations are included in the models. Estimates are based on a 5% sample of the data. Estimates are based using Stata. [illegible]

Appendix Table 4 shows the estimates of Equation 2, using the diversity measures for workers earning below the median in each city and each workplace. These are the estimates that produce the size effects in Figure 4 in the body of the brief. Here, city-level diversity is not significant for workers above the median in each city, but is for all workers as a whole, as well as for those workers earning below the median. Note that the positive coefficient for workers earning in the 2nd quartile is significant at only a 10 percent level.

APPENDIX TABLE 5: FIXED EFFECTS ESTIMATES OF THE SPILLOVERS FROM IMMIGRANT DIVERSITY AMONG THE HIGHEST WAGE EARNERS (ABOVE THE 75TH PERCENTILE) FOR ALL WORKERS AND BY WAGE QUARTILE

	DEPENDENT VARIABLE: LOG OF ANNUAL EARNINGS				
	(1)	(2)	(3)	(4)	(5)
	ALL WORKERS	WAGE QUARTILE 1	WAGE QUARTILE 2	WAGE QUARTILE 3	WAGE QUARTILE 4
City Measures					
High Wage Birthplace Fractionalization (>75th p)	0.819***	0.813***	0.715***	0.858***	0.873***
	(0.044)	(0.047)	(0.055)	(0.067)	(0.088)
College Share	0.142***	(0.010)	0.077*	0.199***	0.435***
	(0.041)	(0.033)	(0.040)	(0.064)	(0.074)
Employment	0.000	-0.000***	-0.000**	0.000	0.000***
	0.000	0.000	0.000	0.000	0.000
Establishment Measures					
High Wage Birthplace Fractionalization (>75th p)	0.056***	0.062***	0.051***	0.045***	0.061***
	(0.003)	(0.002)	(0.003)	(0.005)	(0.007)
Employment	0.000*	0.000	0.000	0.000*	0.000
	0.000	0.000	0.000	0.000	0.000
Observations (millions)	166.54	51.57	42.3	37.92	34.65
Individuals (millions)	33.54	11.9	8.44	6.97	6.23

Notes: [illegible] Fixed effects included in each model. Overall counts of individuals and observations are rounded to the nearest 1,000 due to Census disclosure rules. Estimates computed using Stata [illegible]

Appendix Table 5 shows the estimates of Equation 2, with diversity calculated on the group of workers earning the most, above the 75th percentile in each city and each workplace. The size effects in Figure 5 in the body of the brief come from these results. These models suggest that diversity among the highest earners has the largest effect, raising wages across all segments and by the largest magnitudes seen in these models.

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28 This phrase refers to Thomas Kemeny and Abigail Cooke, not the Partnership for a New American Economy.

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30 When specific cities are mentioned, the data underlying these choices is always public-use Census data, since, due to confidentiality requirements, we cannot disclose information about individual localities based on the LEHD data that is the foundation of our statistical analysis. However, comparisons between measures of diversity built using the public-use and restricted data are closely comparable, in terms of measures of central tendency and dispersion. It should also be noted that some cities that are mentioned in this section do not appear in our main analytical sample. See the technical appendix for details.

31 For these calculations, we have used the standard deviation of the distribution of immigrant diversity across cities in 1990. The standard deviation is slightly higher in 2011—the mean level of diversity is higher and all the values are slightly more spread out - but these general statements still hold even using that larger standard deviation.

32 Gainesville-Hall County Top Employers 2014, published by Greater Hall Chamber of Commerce, March 2014.

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38 Our findings on the impact of diversity on wages derive from the Longitudinal Employer-Household Dynamics survey from the U.S. Census, while the real-world wage data here derives from the 2011 American Community Survey's 5-year sample. Because of differences between the two data sources, figures quoted quantifying the share of the wage increase explained by diversity should be viewed as rough estimates.

39 In fact the wages of least-paid workers grow the most in response to a diversity boost. However, the difference between this effect and those for better-paid workers is modest, and may not be statistically significant.

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49 See footnote 20.

50 Because we derive our diversity findings and the real-world wage increases from different sources, comparisons between the two should be viewed as rough estimates.

51 Disclaimer: This work was produced while the authors were Special Sworn Status researchers at the U.S. Census Bureau's Center for Economic Studies. Any opinions and conclusions expressed herein are those of the authors and do not necessarily represent the views of the U.S. Census Bureau. All results have been reviewed to ensure that no confidential information is disclosed. Acknowledgments: We thank Olmo Silva and Max Nathan for helpful discussions and suggestions. This work has been supported by U.S. National Science Foundation grant BCS-1359768. The research uses data from the Census Bureau's Longitudinal Employer Household Dynamics Program, which was partially supported by the following National Science Foundation Grants SES-9978093, SES-0339191 and ITR-0427889; National Institute on Aging Grant AG018854; and grants from the Alfred P. Sloan Foundation.

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55 In other work, we have performed several robustness checks: using alternative measures of diversity, as mentioned above; using an instrumental variables approach and general method of moments estimation to account for remaining endogeneity concerns; examining the effect on "tradable" activities only; and including city-specific employment demand shocks. The results remain remarkably consistent. For details, see Kemeny and Cooke (2015).

ABOUT

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Executive Summary

When it comes to the health of our economy, it is hard to overstate the importance of entrepreneurship. In the last three decades, companies less than five years old have created an average of 1.5 million new jobs for Americans each year.[1] Researchers have also found that between 1977 and 2005 almost all the net job creation in the United States was attributable to young firms.[2] Given this—and our country's continued interest in tackling the low workforce participation rates and high underemployment that has persisted since the Great Recession—understanding what drives the formation of new and promising companies is of particular interest to policymakers. And it is increasingly clear that it is impossible to look at this issue without focusing closely on one group: The 34.2 million working-age immigrants currently living in America.[3]

Given that the act of picking up and moving to another country is inherently brave and risky, it comes as no surprise that immigrants have repeatedly been found to be more entrepreneurial than the U.S. population as a whole.[4] According to The Kauffman Foundation, a nonprofit group that studies entrepreneurship, immigrants were almost twice as likely as the native-born population to start a new business in 2015.[5] The companies founded by immigrants range from small businesses on Main Street to large firms responsible for thousands of American jobs. Recent studies have indicated that immigrants own more than half of the country's grocery stores and 48 percent of nail salons.[6] Foreign-born entrepreneurs are estimated to be behind 51 percent of our country's billion dollar startups as well.[7]

In this report, we analyze data from the American Community Survey, The Survey of Small Business Owners, and other publicly available data sources to gain a fuller picture of the real and meaningful role immigrants have played founding American companies in recent years. Building on past NAE research, we also document—for the first time—the share of firms on the 2016 Fortune 500 list that had at least one founder who was either an immigrant or the child of immigrants. Our findings indicate that foreign-born workers remain a critical piece of the U.S. entrepreneurship landscape. Firms owned by new Americans generate billions of dollars in business income each year, and provide jobs to millions of U.S. workers.

Immigrants were almost twice as likely as the native-born population to **start a new business** in 2015.

This report shows why it is critically important that Congress take action to better support immigrant entrepreneurs next year. For the second straight year in a row, the rate of new business formation has slowed in the United States overall—a worrying trend given how much new businesses help spur job creation, productivity increases, and economic growth overall.[8] In this environment, immigrants continue founding companies at higher rates than the national average. Despite their many contributions, however, many foreign-born entrepreneurs struggle to remain in the United States under current immigration laws. In this report, we discuss some of the visa challenges faced by immigrant entrepreneurs and recent efforts the White House has taken to try to address them. For the continued health of the U.S. economy, it is clear such efforts must be continued—and amplified—in the coming years

KEY FINDINGS

Immigrants in the United States play an **outsized role** as entrepreneurs.

The United States is currently home to more than 2.9 million foreign-born entrepreneurs, a group whose companies generated **$65.5 billion** in business income in 2014 alone. Foreign-born residents frequently punch above their weight class as business owners: In 2014, immigrants made up 20.6 percent of all entrepreneurs in the country, despite representing 13.2 percent of the U.S. population overall.

Foreign-born business owners have **created millions of American jobs**.

Even when excluding large, publicly traded firms, businesses owned by immigrants employed more than 5.9 million workers in 2007, the most recent year for which figures are available. In some states, the employment impact of immigrants was particularly pronounced: Almost 1.5 million California residents had jobs at immigrant owned firms in 2007, as did more than half a million Floridians. In 16 states—including Arizona, North Carolina, and Texas—more than **100,000** people were employed at companies with immigrant owners.

Consistent with past research, a significant portion of firms on the most recent **Fortune 500** list were founded by immigrants or their children.

In 2016, **40.2** percent of Fortune 500 firms had at least one founder who either immigrated to the United States or was the child of immigrants. Those firms generated more than **$4.8 trillion** in revenue in 2014 and employed **18.9 million** people globally.

Some immigrant subgroups boast **particularly high rates** of entrepreneurship.

In 2014, **19.1** percent of immigrants from the Middle East and North Africa were entrepreneurs. Similarly, **11.1** percent of foreign-born Hispanics were self-employed, as were **10.6** percent of Asian immigrants. The national rate of entrepreneurship among working Americans was 9.5 percent that year.

Foreign-born entrepreneurs were instrumental in the country's **recovery from the Great Recession**.

Between 2007 and 2011, a period when the country struggled to create new jobs, immigrant entrepreneurs played a large role founding new businesses in several key states. Foreign-born entrepreneurs started **44.6** percent of new businesses in California during that period, as well as **42.0** percent of new businesses in New York State.

PART I

Overview of Immigrant Entrepreneurship

Shan-Lyn Ma, the co-founder and CEO of Zola, the wedding registry giant, didn't come to the United States as an entrepreneur—she came to study at Stanford University. In 2004, Ma, who was born in Singapore but raised in Australia, enrolled Stanford's MBA program. After graduating, she initially took a traditional path, working for two years at Yahoo!. Craving a startup experience, she then moved to the Gilt Groupe, where she created and served as general manager of Gilt Taste, an arm of the site that sold gourmet wine and food to consumers. It gave her the skill set she needed to branch out on her own. "I finally had the experience under my belt," Ma says, "to take the plunge."

Inspiration came when many of Ma's friends started getting married. "I was going to a lot of weddings and all the newlyweds expressed a frustration with the classic gift registry system," she explains. "They would say: 'I loved my wedding but I hated my registry.'" So, in 2013, Ma, along with Kevin Ryan and Nobu Nakaguchi, founded Zola, a company that would "transform wedding registries from the most frustrating part of wedding planning to the most enjoyable aspect." Geared toward tech-savvy millennials, Zola offers a mobile app that allows couples to build customized registries with ease. And, unlike traditional wedding registries, Zola allows wedding guests to gift experiences, like a hot-air balloon ride or a winery tour, as well as cash for down payments or other expenses.

Zola has been wildly successful. The New-York-City-based company has raised over $16 million in venture capital funding and is the fastest-growing wedding registry company in the United States. It also grossed $40 million in 2015. In the last two and a half years, the team has grown from three co-founders to 40 employees—38 of whom are American-born.

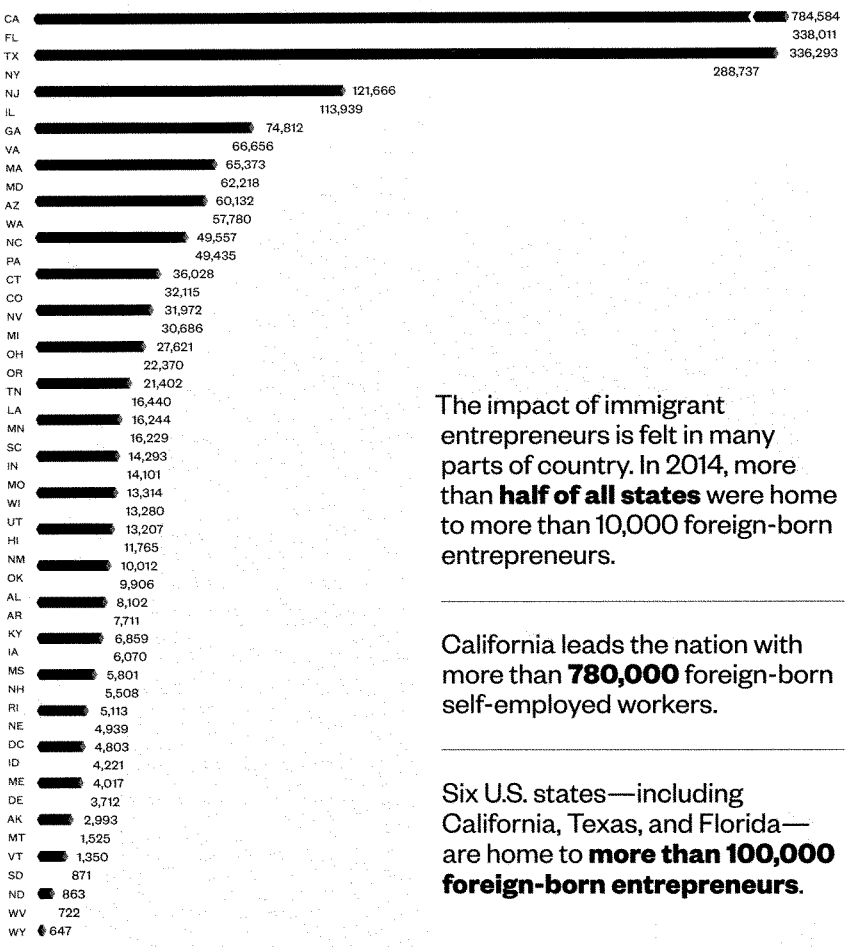
2,896,005

immigrants in the United States are self-employed.

Ma has built a firm that stands out for the incredibly rapid growth it has experienced in recent years. Ma, however, is just one of millions of foreign-born entrepreneurs currently in the United States—and one of many providing valuable jobs and opportunity to her fellow American workers. NAE's analysis of American Community Survey data finds that the United States was home to almost 2.9 million immigrant entrepreneurs in 2014. These individuals generated $65.5 billion in business income that year.

The contributions such entrepreneurs make are felt in many parts of the country. In Figure 1, we highlight the number of immigrant entrepreneurs in each state as well as Washington, D.C. California leads the nation with more than 780,000 foreign-born self-employed workers. Five other states—including Texas, Florida, and Illinois—are home to more than 100,000 foreign-born entrepreneurs. Even states with relatively small populations of immigrants still have meaningful numbers of foreign-born entrepreneurs. Missouri and Indiana, for instance, have more than 14,000 foreign-born entrepreneurs. North Carolina and Pennsylvania both have almost 50,000.

FIGURE 1: NUMBER OF IMMIGRANT ENTREPRENEURS BY STATE, 2014

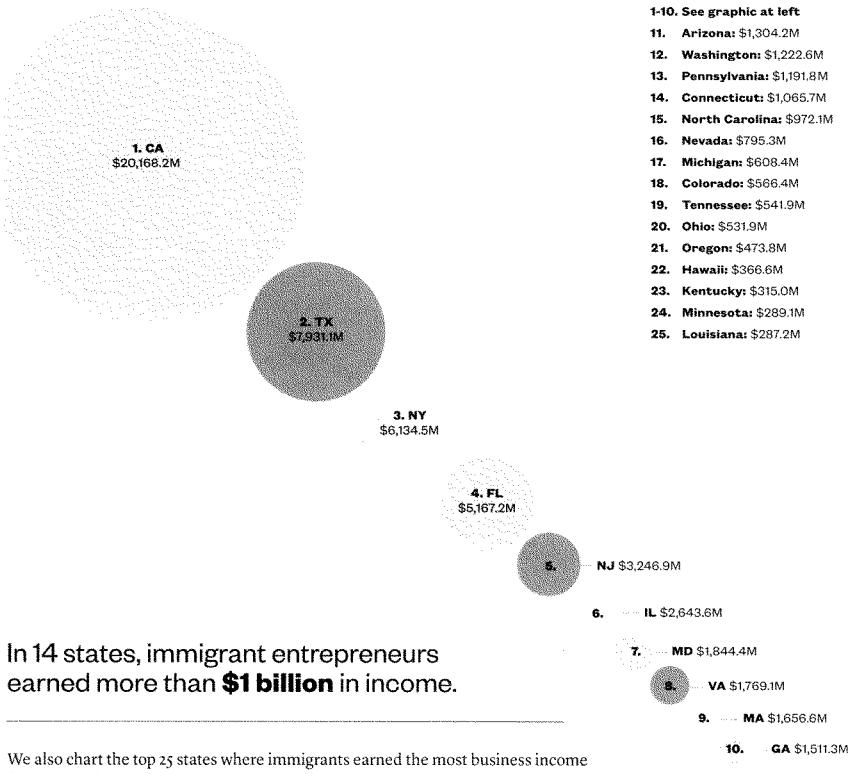


The impact of immigrant entrepreneurs is felt in many parts of country. In 2014, more than **half of all states** were home to more than 10,000 foreign-born entrepreneurs.

California leads the nation with more than **780,000** foreign-born self-employed workers.

Six U.S. states—including California, Texas, and Florida—are home to **more than 100,000 foreign-born entrepreneurs**.

FIGURE 2: BUSINESS INCOME OF FOREIGN-BORN ENTREPRENEURS, BY STATE, 2014



1-10. See graphic at left

11. **Arizona:** $1,304.2M
12. **Washington:** $1,222.6M
13. **Pennsylvania:** $1,191.8M
14. **Connecticut:** $1,065.7M
15. **North Carolina:** $972.1M
16. **Nevada:** $795.3M
17. **Michigan:** $608.4M
18. **Colorado:** $566.4M
19. **Tennessee:** $541.9M
20. **Ohio:** $531.9M
21. **Oregon:** $473.8M
22. **Hawaii:** $366.6M
23. **Kentucky:** $315.0M
24. **Minnesota:** $289.1M
25. **Louisiana:** $287.2M

In 14 states, immigrant entrepreneurs earned more than **$1 billion** in income.

We also chart the top 25 states where immigrants earned the most business income in 2014. Business income is an indication of the inherent profitability of a business. In many cases, it also reflects a pool of funds that federal, state, and local governments can tax, supporting services like school and police forces, as well as federal entitlement programs. In 2014, self-employed immigrants in California earned $20.2 billion in business income, by far the highest total of any state. In 14 states, immigrant entrepreneurs earned more than $1 billion in income in 2014. That group included places as varied as Connecticut, Georgia, and Washington State.

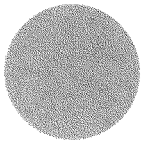
PART II

The Role of Immigrants and Their Children in the 2016 Fortune 500

Immigrant entrepreneurs have long been an important part of America's economic success story. Kohl's, the Wisconsin-based retail giant, was founded originally by Maxwell Kohl, a Polish immigrant. When Kohl opened his first store, a grocery store in Brookfield, Wisconsin, his English was so poor that customers often had to make their own change and teach him the names of basic products like Corn Flakes.[9] Today, his company brings in $19.2 billion in revenue each year. Similarly, Bank of America was founded by Italian immigrant Amadeo Giannini, who wanted to build a bank that catered to "the little fellows"—immigrants who struggled to get loans elsewhere.[10] And Procter & Gamble, one of the world's leading consumer products firms, was started by foreign-born brothers in law, who were seeking a way to more efficiently support their families.[11]

Stories like these are not uncommon ones. While the data presented in this report so far focuses on today's self-employed immigrants, foreign-born entrepreneurs past and present are behind many of our country's most iconic firms. These companies make enormous contributions to both the U.S. and global economy. They also live on far beyond the founders, generating jobs and economic opportunity far after their original visionaries retire or moved on.

To get a sense of the role immigrants have played founding some of America's largest firms, NAE has in the past analyzed the companies in the Fortune 500, the group of American firms pinpointed by Fortune each year for boasting the highest revenues in the country. In a widely-cited report released in 2011, NAE found that more than two out of every five Fortune 500 firms had at least one founder who was an immigrant or a child of immigrants. This included 90 companies that were founded directly by immigrants, a group that made up 18 percent of Fortune 500 companies that year.[12]



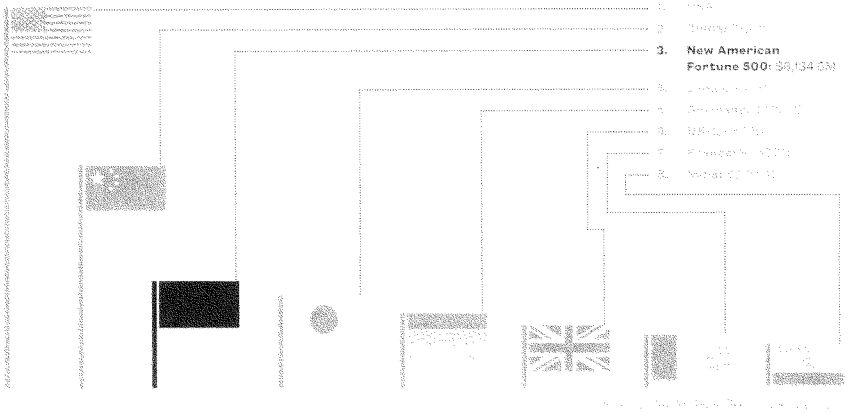
Fortune 500 companies founded by immigrants or their children generate **$4.8 trillion** in annual revenue and employ **18,910,992** people globally.

In this report, we update our analysis, looking at the companies that made the Fortune 500 list in 2016. The 2016 list is notably changed from four years ago, and

today includes several large technology companies—such as Salesforce.com and Facebook—that were not on the earlier version. The massive role that first and second generation immigrants have played founding America's most iconic firms, however, remains essentially unchanged. In 2016, 40.2 percent of firms in the Fortune 500, or 201 companies in total, had at least one founder who was either an immigrant or the child of immigrants. A full 89 were founded or co-founded directly by individuals born abroad.

These new American firms make a large impact on both the U.S. economy. The 201 companies with immigrant or children of immigrant founders employed more than 18.9 million people globally in fiscal year 2015. They also brought in $4.8 trillion in revenue. To put that figure in context, $4.8 trillion is greater than the GDP of many developed countries in 2015—including Japan, Germany, and the United Kingdom. In fact, if a country had a GDP equal to the revenues of the New American Fortune 500 firms, it would have had the third largest GDP in the world in 2015, behind only the United States and China.

If a country had a GDP equal to the revenues of the New American Fortune 500 firms, it would have the **third largest GDP in the world**.



New American Fortune 500 firms were also made a particularly large impact on the employment picture in several U.S. states. The 14 Fortune 500 firms in Texas with first or second-generation immigrant founders provided jobs to more than 7.2 million people in fiscal year 2015. And Illinois is home to 20 new American Fortune 500 firms, a group that includes iconic companies such as McDonald's, Boeing, and Walgreens. In fiscal year 2015, Illinois' new American Fortune 500 generated $518.1 billion in revenues and provided jobs to almost 1.5 million workers globally. We show the figures for all states in Figure 3.

FIGURE 3: THE IMPACT OF NEW AMERICAN FORTUNE 500 FIRMS, BY STATE, 2016

	No. of New American Fortune 500 Firms	Revenue (in millions$)	No. of Employees
AL	1	$5,674	7,081
AZ	2	$43,802	53,300
CA	24	$631,518	1,034,238
CO	3	$21,588	49,700
CT	8	$272,566	868,297
DE	1	$27,940	52,000
FL	8	$92,538	279,052
GA	5	$187,723	826,643
IA	1	$7,052	22,408
IL	20	$518,064	1,498,187
IN	2	$10,574	11,671
KS	2	$11,159	11,272
LA	1	$11,513	13,579
MA	7	$134,712	487,253
MD	1	$46,132	126,000
MI	6	$194,658	409,300
MN	6	$92,192	200,742
MO	3	$36,369	174,238
NC	5	$126,883	386,380
NE	2	$24,841	54,900
NJ	8	$134,978	641,550
NV	2	$20,879	104,450
NY	30	$791,548	1,919,169
OH	7	$222,793	664,218
OK	1	$7,763	2,364
OR	1	$7,864	9,574
PA	8	$288,700	551,850
SC	1	$5,264	9,850
TN	2	$28,592	73,500
TX	14	$375,045	7,209,636
VA	8	$126,547	500,850
WA	6	$270,456	515,297
WI	5	$58,913	142,443

PART III

The Employment Impact of Private Firms

In recent years, particularly in the wake of the Great Recession, creating jobs has been a top priority for many U.S. policymakers. President Barack Obama used a primetime televised address in 2011 to announce a series of job creation proposals he dubbed the American Jobs Act.[13] Democratic presidential candidate Hillary Clinton has outlined specific job creation plans aimed at everyone from millennials to manufacturing workers.[14] And Republican hopeful Donald Trump declared in the speech announcing his candidacy that he would be "the greatest jobs president that God has ever created."[15]

While rarely the focus of such political initiatives, research consistently shows that immigrants—and the business they own—are major generators of valuable U.S. jobs. In 2010, roughly one in 10 American workers employed at private firms were working at immigrant-founded companies.[16] In this report, we analyze the Survey of Business Owners, product of the U.S. Census, to determine the number of people employed at firms owned by immigrants. This data is from 2007, the most recent year for which figures available. For privacy reasons, the survey excludes large, publicly traded firms, making the figures inherently conservative in nature.

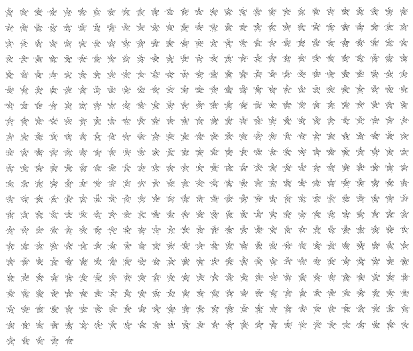
In 2010, roughly **one in 10** American workers employed at private firms were working at immigrant-founded companies.

We find that in 2007, more than 5.9 million workers held jobs at private immigrant owned firms. In several states, the number of people employed at such companies was particularly significant. In California, for instance, almost 1.5 million people held jobs at immigrant-owned companies. The equivalent figure was roughly 500,000 people in Florida. Overall, in 16 U.S. states, more than 100,000 residents were employed at firms owned by immigrants. This group included states such as Virginia, Arizona, and Texas.

FIGURE 4: EMPLOYMENT IMPACT OF IMMIGRANT-OWNED FIRMS, 2007

5,934,147

Number of employees at immigrant-owned firms.



= 10,000 people

FIGURE 5: SHARE OF NEW BUSINESSES FOUNDED BY IMMIGRANTS IN SELECT STATES, 2007-2011

California: 44.6%

New York: 42.0%

Florida: 36.7%

New Jersey: 35.2%

Illinois: 32.1%

With their high levels of entrepreneurship and have played an important role in reviving real businesses and jobs in many states hardest hit by the Great Recession. From 2007 to 2011, immigrant-founded businesses employed more than 1.6 million Americans in 50 states and Washington, DC (Kauffman Index).

In 2011, a period when the country was still struggling to create jobs, immigrants were **more than twice as likely** to found a new business than the native-born.

In the years immediately after the Great Recession, a time when many companies were contracting their operations, there is also evidence that immigrants continued founding companies and creating American jobs. A 2012 NAE study written by Robert Fairlie, a professor at the University of California, Santa Cruz, found that in 2011, a period when the country was still struggling to create jobs, immigrants were more than twice as likely to found a new business than the native-born. That year, foreign-born residents founded businesses at the rate of 550 new businesses per month for every 100,000 immigrants. The equivalent native-born rate was only 270 new businesses per month.[17]

NAE was also able to isolate the share of new businesses started by immigrants in several states from 2007 to 2011, the critical period at the beginning of the county's economic recovery. During that time, immigrants founded 44.6 percent of all new businesses in California. They founded 42.0 percent of all new businesses in New York as well.[18]

Claudia Mirza, the CEO and Co-Founder of Akorbi, a translation and multilingual staffing firm, is one of many immigrants in the country whose work is creating valuable jobs and opportunities for others. Mirza had a long wait before she could come to America. As a child, her father moved to the country to work as a farm laborer, leaving Mirza and her mother behind in their native Colombia. Mirza, who was raised largely in poverty, attended a prestigious Colombian school on an academic scholarship. She was finally able to join her father in the United States after graduating from college, arriving initially on a tourist visa.

Now years later, Mirza is a U.S. citizen. And Akorbi, a firm she founded with another immigrant—her husband, an Indian native—is rapidly taking off. The Plano, Texas based firm provides its services to large companies like Google, Aetna, and Blue Cross Blue Shield. Akorbi is on track to produce $40 million in revenues this year. It also provides both full and part-time jobs to 670 Americans.

PART IV

Punching Above Their Weight Class as Entrepreneurs

The oversized role that immigrants play as entrepreneurs means that the foreign-born population frequently makes up a larger share of entrepreneurs in the country than they do the U.S. population as a whole. While immigrants made up 13.2 percent of the U.S. population in 2014, they represented 20.6 percent of all entrepreneurs in the country that year—or more than one out of every five business owners in America.

While the phenomenon of immigrants punching above their weight class as entrepreneurs exists in the large majority of states, it is particularly pronounced in some parts of the country. In Florida, for instance, one in three entrepreneurs in the state are immigrants, despite the fact that foreign-born Americans make up only about one in five residents in the state overall. Similarly, in Nevada, 19.3 percent of entrepreneurs are foreign-born, although immigrants account for just 10.6 percent of the state's population. We show the figures for the top 15 states where immigrants are most dramatically overrepresented as business owners here.

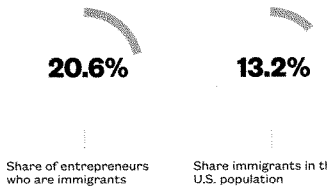


FIGURE 6: TOP 15 STATES WHERE IMMIGRANTS PUNCHED ABOVE THEIR WEIGHT AS ENTREPRENEURS IN 2014

State	Immigrant Share of Self-Employed Population	Immigrant Share of Total Population	Difference
FL	33.2%	20.0%	13.2%
TX	28.9%	16.7%	12.2%
CA	38.4%	27.0%	11.4%
MD	25.9%	14.8%	11.1%
NV	29.9%	19.3%	10.6%
NJ	32.3%	21.7%	10.6%
NY	32.7%	22.6%	10.1%
IL	22.1%	13.7%	8.4%
AZ	22.0%	13.7%	8.3%
VA	20.2%	12.1%	8.1%
GA	17.7%	9.8%	7.9%
CT	21.3%	13.7%	7.6%
DC	19.7%	14.1%	5.6%
LA	9.1%	4.0%	5.1%
MA	20.7%	15.6%	5.1%

PART V

Entrepreneurship Within Immigrant Subgroups

In recent years, there has been some concern that new business creation in the United States as a whole has been slowing. The Kauffman Foundation, a nonprofit that studies entrepreneurship, reported that startup activity in the United States declined between 2010 to 2015.[19] During that period, however, immigrants continued to start new businesses at a rapid rate—making them the rare bright spot during a troubling period for business generation overall.[20]

Between 2010 and 2015, a period when the country's overall startup activity was slowing, immigrants continued to found new business at **a rapid rate.**

In our analysis of 2014 data, we find that immigrants indeed boasted higher entrepreneurship rates that year than the broader U.S. population. In 2014, 11.6 percent of all immigrants in the workforce were entrepreneurs. This figure was considerably higher than the rate for the U.S. working population as a whole, which sat at 9.5 percent that year. The rate for natives was even lower: 9.1 percent of U.S.-born Americans in the workplace were self-employed in 2014.

Those figures tell a powerful story about how immigrants—taken as a whole—continue to start new businesses and generate jobs for Americans. Drilling down to specific ethnic and national origin groups within the immigrant population, we can see that many groups within the foreign-born population exhibit higher than average entrepreneurship rates as well. In 2014, 10.6 percent of immigrants who identified as Asian were self-employed entrepreneurs. Similarly, a full 11.1 percent of Hispanic immigrants were entrepreneurs in 2014. This finding on the Hispanic population shows the sea change that has happened in recent years regarding entrepreneurship among this group. While as recently as 2000, Hispanic immigrants were less likely than the broader U.S. population to have their own businesses, this pattern has shifted notably in recent years.[21] One 2014 NAE study in fact found that between 1996 and 2012, the number of Hispanic immigrant entrepreneurs in the country more than quadrupled. The number of Mexican immigrant entrepreneurs grew by a factor of 5.4.[22]

While those figures are impressive, our analysis revealed one group that exhibited particularly high entrepreneurship rates: The almost 1.5 million immigrants in the country that hail from the Middle East and North Africa, also known as MENA countries, a group that has come under particular criticism during the most recent election cycle.

One group that exhibited particularly high entrepreneurship rates: The almost **1.5 million immigrants** in the country that hail from the Middle East and North Africa.

In 2014, 19.1 percent of all MENA immigrants were entrepreneurs—more than double the rate for the country as a whole. The outsize role the MENA population plays founding businesses holds even when

Israeli nationals, a group known for producing large numbers of technology startups, are excluded from our count.[23] In 2014, more than one in four Israeli immigrants in the country, or 26.2 percent, were self-employed. For MENA immigrants with Israelis excluded, the entrepreneurship rate was 17.9 percent, still far above the rate for the U.S. population as a whole.

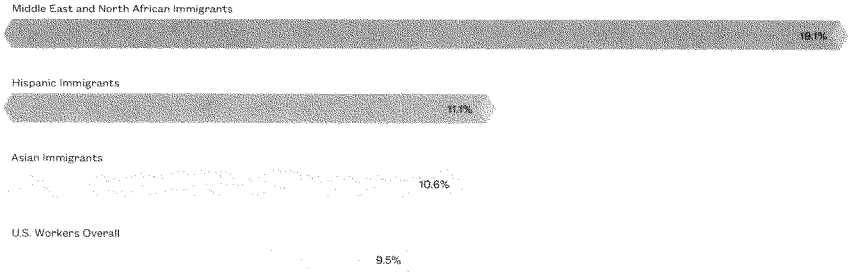
The supercharged entrepreneurial activity of MENA immigrants has been critically important to several American cities that draw large numbers of such immigrants. The challenges faced by the city of Detroit in recent decades have been well chronicled. Between the city's heyday in 1950 and the early 2000s, the city's population shrunk by roughly 60 percent. The city had also shed about a fifth of its jobs. By the time Detroit filed for bankruptcy in 2013, it had an unemployment rate nearly double the national average.[24] Detroit, however, has also long attracted MENA immigrants. Roughly a third of the residents of Dearborn, a Detroit suburb, are of Middle Eastern descent.[25] Immigrants from MENA countries also make up roughly one out of every 10 residents of the Detroit metropolitan area overall.[26]

In recent years, as Detroit has taken steps to rebuild and revitalize its economy, MENA immigrants have played an important role founding and maintaining local firms. Some 15,000 businesses in the Detroit metropolitan area are owned by Middle Eastern immigrants and their families, according to Fay Beydoun, Executive Director of the American Arab Chamber of Commerce. Those firms generate between $5.4 and $7.7 billion in wages and salary earnings each year.[27] They also make an annual economic impact of $36.4 billion.[28]

Middle Eastern business owners are frequently credited as an important part of Detroit's recent **economic comeback.**

These immigrant-owned businesses take on a variety of forms. Business owners include high-power investors like Israeli-born billionaire Tom Gores, who saved hundreds of jobs in 2009, when he bought the bankrupt boat manufacturer Four Winns. On the other end of the spectrum, Beydoun says that 90 percent of Detroit's gas stations are owned by Arab Americans, while a majority of convenience stores are owned by Chaldeans, an Iraqi Catholic group. "When Detroit was going through the recession, these two groups did not abandon the city," Beydoun says, "Their businesses stayed open and provided services, especially to low income households." Given that, they are frequently credited as an important part of Detroit's recent economic comeback.[29]

Entrepreneurship rates for immigrant subgroups in 2014:



PART VI

The Challenges Our Immigration System Poses to Entrepreneurs

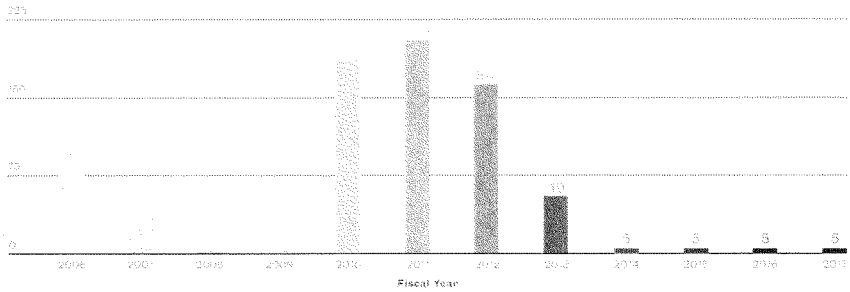
Despite the important role that immigrants are currently playing founding new businesses and providing jobs to American workers, our current immigration system has not made it easy for foreign-born entrepreneurs to settle and grow their companies on U.S. soil. Currently, there is no visa to come to the country, start a company, and create jobs for U.S. workers—even if an entrepreneur already has a business plan and has raised hundreds of thousands of dollars to support his or her idea. A six-year effort to create a formal start-up visa also died in Congress last year.[30] Trying to exploit that flaw in our system, countries around the world—from Canada to Singapore, Australia to Chile—have enacted startup visas, often with the explicit purpose of luring away entrepreneurs who want to build a U.S. business but cannot get a visa to do so.[31]

Entrepreneurs who chose to remain in the United States often face major challenges trying to navigate our current visa system. To access a visa, many business owners sell a majority stake in their company and then apply for a visa as a high-skilled worker rather than the owner of their firm. After making that sacrifice, however, many find they still face an uphill road to obtain a visa. The H-1B visa, the most common visa used by high-skilled workers, is capped at 85,000 visas per year for private companies. In recent years that visa cap has been reached in remarkable speed.[32] In 2015, the USCIS received 233,000 visa applications from U.S. companies in the first seven days of the application window—nearly double the number they received just two years prior. When the cap is exhausted in the first week, the government stops accepting applications, and selects who ultimately receives the visa through a random lottery, effectively leaving the fate of many entrepreneurs up to a process beyond their control.

When the H-1B cap is exhausted in the first week, the government decides who ultimately receives the visa through **a random lottery**, leaving the fate of many entrepreneurs up to a process beyond their control.

Obtaining a visa for workers of "extraordinary ability," another category fused by some entrepreneurs, also can be challenging. To apply for an O-1 visa, which allows individuals in that category to remain in the country temporarily, or the EB-1 visa, a similar green card category, entrepreneurs often must amass what amounts to hundreds of pages of documents to prove their case, a lengthy and expensive process. Of the eight criteria the government uses to determine if a person is extraordinary, few are well-suited to the nature of entrepreneurship. Business owners with new or young businesses may not yet have achieved "national or international recognition" for their work or high compensation compared to their peers, two measures used to assess applications.[33] Entrepreneurs who come

Number of days until **H-1B cap reached:**



from outside academia are also unlikely to have articles published in academic journals, another achievement that factors into the visa decision.[24]

Of the eight criteria the government uses to determine if someone is eligible for an extraordinary ability visa, **few are well-suited to the nature of entrepreneurship.**

In this environment, some immigrant entrepreneurs have had to leave the country after being able to secure the visa they need to run their business—taking valuable American jobs with them. Love Sarin, the former co-founder of Banyan Environmental, is one promising business owner who left the country because of our current immigration system. While studying to get a PhD in chemical engineering at Brown University in Rhode Island, Sarin, an Indian native, discovered that the element Selenium had properties that could help neutralize harmful mercury in the body. By 2009, he and an advisor had co-founded Banyan Environmental, a firm designed to commercialize their work. Sarin and his team envisioned a future where the technology could be used to make coal-fired power plants less harmful to consumers, potentially saving millions in healthcare costs each year.

Despite earning two competitive grants from the National Science Foundation, however, Sarin found his path to remain in the United States was not an easy one. He applied for a green card for people with extraordinary abilities. Despite his accolades and patents, it was rejected in 2009. "We were really excited about the work [Banyan was doing] and our potential for growth," Sarin says. Given that, he says the visa rejection was "shocking and frustrating." It also cost the U.S. economy jobs. At one point, Banyan had employed three full time people, and also provided work to local contractors, like accountants and legal advisors.

Several venture capitalists and entrepreneurs, frustrated by stories like Sarin's, have been tried in recent years to find ways around our broken immigration system. Jeff Bussgang in Boston and Brad Feld in Colorado, two venture capital leaders, have launched programs that bring over foreign-born entrepreneurs to serve as "entrepreneurs in residence" at colleges and universities. Because nonprofit academic institutions are exempt from the H-1B cap, such entrepreneurs can secure their visas by working as mentors at a school, and then

build their startups in their free time. These innovative programs, which are currently available at 13 colleges and universities across the country, are already resulting in meaningful economic contributions. As of mid-2016, 23 entrepreneurs had secured visas through these programs nationally. The companies they founded had created 261 jobs and raised almost $120 million in funding.[35]

In August, the Department of Homeland Security proposed an administrative rule that would allow entrepreneurs to remain in the country for up to five years if they have at least **$100,000** in government funding, **$345,000** in venture capital backing.

Still, given the limited the number of spots currently available, entrepreneurship in residence programs hardly represent a long-term solution. Advocates have asked Congress for years to create a formal startup visa for entrepreneurs, but made little progress given the current gridlock in Washington. Facing this situation, the White House recently took steps to make it easier for aspiring entrepreneurs to stay in the United States. In August, the Department of Homeland Security proposed an administrative rule that would allow entrepreneurs to remain in the country for up to five years if they have at least $100,000 in government funding, $345,000 in venture capital backing, or other evidence that their firms are poised for rapid revenue or job growth. The rule allows entrepreneurs to remain in the United States on "parole status," a designation that gives someone temporary permission to remain in the country if their presence represents a "significant public benefit." While representing an exciting moment for entrepreneurs, an administrative rule of this sort is in many ways inherently precarious. Future administrations could choose to enforce the rule differently or abandon the program for new entrepreneurs altogether.

Meanwhile, in Silicon Valley, our country's most prominent center for startup activity, there is already evidence that our broken visa system is taking a toll on immigrant startup activity. One study by researchers at Duke University and University of California-Berkeley found that from 2006 to 2012, 43.9 percent of high-tech companies in Silicon Valley were founded by immigrants.[36] That figure, while compelling, represented a decline compared to earlier years, particularly the period that included the late 1990s and early 2000s. During those years, the government allocated more H-1B visas than it does now, at one point providing 195,000 visas to the private sector each year.[37] Such policies may have made a difference: From 1995 to 2005, more than half of high-tech startups in Silicon Valley, or 52.4 percent, had foreign-born founders, a higher share than in the seven years that followed.[38]

In Silicon Valley, our country's most prominent center for startup activity, there is already evidence that our broken visa system is **taking a toll on immigrant startup activity.**

Conclusion

This report demonstrates the real and meaningful impact that immigrants are currently playing starting new businesses and powering U.S. economic growth. In 2014, more than 20 percent of entrepreneurs in the country were immigrants. Almost six million Americans were also working at immigrant-owned firms in 2007. Foreign-born Americans also played a large role starting some of our country's most iconic firms. More than 40 percent of companies in the Fortune 500 have at least one founder who either immigrated to the United States or was the child of immigrants. Several of our most successful technology companies, such as YouTube, Tesla Motors, and Google, were also founded by new Americans too, as were countless grocery stores, restaurants, nail salons, and other small businesses in cities big and small across the country.

Despite their outsize contributions, however, our country in recent years has not done enough to welcome and encourage foreign-born entrepreneurs. The H-1B visa program for high skilled immigrants is outdated and hard for many entrepreneurs to access. The O-1 visa program is unpredictable and expensive as well. In this context, the White House's recent move to allow entrepreneurs to remain in the country on temporary parole status represents an important and much needed step in the right direction. But it doesn't go far enough. Immigrant entrepreneurs employ almost six million workers in America. Given their enormous contributions, they deserve a more permanent legislative fix next year.

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ABOUT

New American Economy

The Partnership for a **New American Economy** brings together more than 500 Republican, Democratic and Independent mayors and business leaders who support sensible immigration reforms that will help create jobs for Americans today.

Visit **www.renewoureconomy.org** to learn more.

Chairman YARMUTH. I now yield five minutes to the Ranking Member, Mr. Womack, for his opening statement.

[The prepared statement of Chairman Yarmuth follows:]

Chairman John Yarmuth
Building A More Dynamic Economy: The Benefits of Immigration
Opening Statement
June 26, 2019

Every day that we wait to fix our broken immigration system, more families are separated, children face horrendous conditions in detention centers, businesses face uncertainty, and we miss out on new economic opportunities. I spent most of 2013 as part of a bipartisan group of eight House members, meeting privately every day for seven months, working toward comprehensive immigration reform. And despite the current climate that makes it seem like there is no room for agreement on this issue, we were successful in forming a bold, bipartisan package we were confident would have passed the House had it been brought to the floor. It was a true bipartisan compromise, one that would have kept families together, protected our borders, and provided pathways to citizenship. And it was shelved because of politics.

By holding this hearing and pointing the spotlight on the economic benefits and opportunities of comprehensive immigration reform, it is my hope that the Budget Committee can re-start the process. That we can establish some common ground and help set the stage for bipartisan compromise that my experience tells me Democrats and Republicans can find.

We all share a desire and a responsibility to improve our economy and our budget outlook. And we have a great opportunity to do that through an immigration system that brings hardworking and creative people to our country.

Without question, our economy needs it. The Congressional Budget Office released its long-term budget outlook yesterday and it confirms some of what we already know: working-age Americans will account for a smaller portion of our total population. The costs of stalwart programs like Medicare and Social Security are increasing as our elderly population grows. And deficits continue to rise.

One way to improve our economic outlook and strengthen our fiscal position is by passing reforms that recognize both the cultural and economic contributions of the people who seek to make a home here. Welcoming more immigrants to the United States would boost GDP, increase business dynamism, enhance our ability to compete globally, shrink our deficits, and improve our long-term fiscal outlook. It is also the only realistic solution for addressing the slow growth of our labor force and alleviating some of our demographic challenges that put even greater pressure on federal budgets. Immigrants, both documented and undocumented, have already helped extend the solvency of Social Security and Medicare, two of the biggest drivers of our long-term budget challenges. Increasing immigration would continue to improve the financial outlook for these vital programs.

And there's more. America would not have its reputation as a nation of innovation and entrepreneurship without immigration. That's not just my opinion. The U.S Chamber of

Commerce and business leaders across the political spectrum would be the first to point out that first-generation Americans create 25 percent of all new business in the U.S., with the share rising to as much as 40 percent in some states. Almost half of the companies in the Fortune 500 and more than one-in-four small businesses in the U.S. were founded by immigrants. Many of these industry-shaping entrepreneurs immigrated to the U.S. as children or as students. So it is clearly an economic priority to make sure our current young immigrants and DREAMers can remain here as important contributors to our society. It also happens to be the right thing to do.

Aside from invigorating our economy, immigrants also strengthen our fiscal health. The CBO estimated that had Congress enacted the bipartisan legislation that the Senate passed in 2013, we could have boosted real GDP by more than five percent and reduced the deficit by nearly $900 billion by 2033. Today, immigrants and their descendants already contribute billions of dollars in much-needed revenue each year, putting far more into the system than they get back through social programs. The U.S. Department of Health and Human Services found that refugees strengthened federal, state, and local budgets over the last decade, bringing in $63 billion more in revenue than public services used – a finding the Trump Administration tried to suppress.

Comprehensive immigration reform is not optional – it's necessary and it is urgent. By failing to reflect our true national needs, current policies hurt our economy and prevent us from addressing some of our biggest fiscal challenges.

And let's not lose sight of who wants us to enact reform legislation. Everyone from the U.S. Chamber of Commerce to Labor Unions, Law Enforcement, the Faith Community, the Agriculture Community, and countless other organizations and interest groups agree that immigration reform is key to our nation's future. Today, with compelling evidence on the economic benefits of reform, I hope we will be able to add more of our colleagues to the long list of supporters.

Mr. WOMACK. I thank you, Chairman. Thank you for your leadership on this Committee.

My colleagues across the aisle have called this hearing today to talk about the budgetary and economic impacts of immigration. I welcome the opportunity to explore bipartisan solutions that will improve our immigration policies and further strengthen our economy.

Unfortunately, we must first address the crisis at our southern border, a crisis that both sides acknowledge has to be managed. For those who have questioned the seriousness of the situation, I want to quickly recap what has been happening.

Over 100,000 migrants are trying to illegally enter the country each month, placing enormous pressure on Customs and Border Protection agents and communities along the border. Last month, 144,000 migrants were apprehended by CBP agents, a 32 percent increase from the previous month.

To put these numbers in perspective, the number of apprehensions in April of 2019 is 591 percent greater than April of 2017—591 percent. At this rate, a total of over 1 million migrants are projected to have illegally crossed the border this fiscal year.

The systems and infrastructure we have in place are terribly insufficient to handle this level of migration. And as Mayor Nicholls of Yuma, Arizona, will tell us today, it is our local communities that are having to pay the price. I, too, was a mayor once upon a time, and even though I was not in a border state, the effects of this phenomenon were felt even in my city.

Our majority has had several opportunities to advance bipartisan solutions that would provide relief to these communities and begin to address the crisis at the border. For nearly two months, they have refused to act.

I fear that last night's vote was an unfortunate loss of precious time. This is a situation where Congress clearly needs to come together and act swiftly. I am sorry to say we are falling short of the basic obligations of our jobs here.

Another costly partisan proposal they have championed is H.R. 6, a bill that failed to address the immediate challenges facing communities like Yuma and that is expected to cost at least $30 billion in new mandatory spending over the next 10 years, according to estimates from the Congressional Budget Office. Another $30 billion of federal mandatory spending, that is, spending that is set to autopilot.

How do my friends on the other side of the aisle plan to pay for it? Well, they don't. They did not include a single offset in H.R. 6 as they waive their own "Pay-As-You-Go" rule to pass it.

Further, I expect to hear today the false claim that immigration reform can improve the financial stability of the Social Security Trust Fund, projected to become insolvent by 2032. The problem with this notion, you are only looking at half the equation, those who would pay into the system. When you consider the other half of the equation, those who would receive benefits, the math doesn't add up.

In fact, the Social Security Administration's Chief Actuary testified in 2015 granting amnesty to 5 million illegal immigrants would only extend the solvency of the program by 90 days. That

is it. Hardly the Social Security savior some of our friends like to claim.

The truth is, I believe immigration reform, done right, can have a positive effect on the economy and on the federal budget. Immigration, after all, is what our great nation was built on.

I am particularly interested in how we can improve our visa program to meet the demands of our growing labor market and create even more opportunity for hardworking families. I know this is a priority for job creators in my district and across the country.

The same goes for USMCA, a modernized trade agreement with Mexico and Canada that cities on the border and across the country are counting on. As Mayor Nicholls explains in his written testimony, USMCA is critical for Yuma's economy and creating jobs for current and future visa holders.

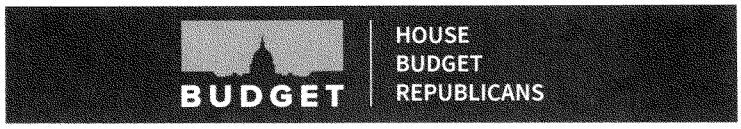
In April, I spent an entire week back home talking with local workers, entrepreneurs, and business leaders about the need to finalize this important pact, which will create more than 100,000 jobs alone in my state.

If this Committee truly wants to build a more dynamic economy, we should focus on the benefits of the USMCA, which will strengthen trade with two of our largest trading partners and make American businesses more competitive around the world.

It is clear we have a lot of opportunity to strengthen our economy and the federal budget, but before we can deliver meaningful reforms, we must ensure our communities are safe and our borders are secure. I look forward to discussing how we do that today.

And with that, Mr. Chairman, I welcome the witness testimony, and I yield back my time.

[The prepared statement of Steve Womack follows:]



Ranking Member Steve Womack (R-AR) Opening Remarks at Hearing on the Economic and Budgetary Effects of Immigration

As Prepared For Delivery

Thank you, Mr. Chairman.

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I fear that last night's vote was an unfortunate loss of precious time. This is a situation where Congress clearly needs to come together and act swiftly. I'm sorry to say we are falling short in the basic obligations of our jobs here.

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How do Democrats plan to pay for this costly proposal? They don't.

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When you consider the other half of the equation, those who would receive benefits, the math does not add up.

In fact, as the Social Security Administration's chief actuary testified in 2015, granting amnesty to five million illegal immigrants would only extend the solvency of the program by three months. That's it… hardly the Social Security savior some of our friends across the aisle like to claim.

The truth is, I believe immigration reform -- done right -- can have a positive effect on our economy and on the federal budget. Immigration, after all, is what our great nation was built on.

I am particularly interested in how we can improve our visa program to meet the demands of our growing labor market and create even more opportunity for hardworking families. I know this is a priority for job creators in my district and across the country.

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If this Committee truly wants to build a more dynamic economy, we should focus on the benefits of the USMCA, which will strengthen trade with two of our largest trading partners and make American businesses more competitive around the world.

It's clear we have a lot of opportunity to strengthen our economy and the federal budget. But before we can deliver meaningful reforms, we must ensure our communities are safe and our borders are secure. I look forward to discussing how we do just that today.

With that, Mr. Chairman, I welcome our witnesses, and I yield back.

Chairman YARMUTH. I thank the Ranking Member for his opening statement.

And once again, I want to welcome all four of our witnesses. Each of you will have five minutes for your opening statements.

By the way, if any other Member of the Committee has an opening statement, they may submit it in writing for the record. But each of you will have five minutes for your testimony, and your written remarks have been entered into the formal record.

And so I will first recognize Mr. Jawetz for five minutes, and you may begin when you are ready.

STATEMENTS OF TOM JAWETZ, VICE PRESIDENT, IMMIGRATION POLICY, CENTER FOR AMERICAN PROGRESS; ABDIRAHMAN KAHIN, OWNER, AFRO DELI; SARI PEKKALA KERR, PH.D., SENIOR RESEARCH SCIENTIST, WELLESLEY CENTERS FOR WOMEN, WELLESLEY COLLEGE; AND THE HONORABLE DOUGLAS J. NICHOLLS, MAYOR, YUMA, ARIZONA

STATEMENT OF TOM JAWETZ

Mr. JAWETZ. Chairman Yarmuth, Ranking Member Womack, and Members of the Committee, thank you for inviting me to testify this morning.

So when I think of the contributions that immigrants of all backgrounds, skills, and levels of educational attainment make to our country, I am often reminded that my former boss and your colleague, Representative Zoe Lofgren, describes immigrants as people who have enough get up and go to get up and go.

While people often think about immigrants in traditional gateway places, like New York, Chicago, San Francisco, in recent years, recent decades, immigrants have found new opportunities for themselves and their families in new gateways, like Atlanta, Charlotte, and Nashville, as well as in the suburbs.

Immigrants are breathing new life into rural communities. Late last year, the Center for American Progress did a new study that found that immigrants ameliorated population decline in nearly four out of five rural places in this country and were entirely responsible for population growth in one out of five rural places.

Instead of hospitals closing, schools consolidating, businesses drying up, in these communities immigrants are opening small businesses, they are providing essential healthcare services, rejuvenating downtown areas, and both filling and creating jobs. Immigrants are also contributing their food, music, culture, and language.

Immigrants also will help to ensure our continued shared prosperity in the years ahead. As baby boomers retire, immigrants will disproportionately work as their doctors, nurses, and home health aides.

Immigrants and their children also will fill enormous holes in the workforce left behind as they retire. Over the next 10 years, without immigrants and their children, the country's working age population would plummet by 7 million people. These immigrants' payroll taxes will shore up the country's social safety net for years to

come and help to ensure we honor the commitment we made to older Americans now turning to us for support.

Refugees also are making important contributions, particularly in places like Utica, New York, Clarkston, Georgia, and Fargo, North Dakota. Although the image of a refugee we are often presented with—and this is equally true of asylum seekers now requesting protection at the southwest border—is that of a person who comes with little more than the clothes on their back, this fails to capture the drive and perseverance that it takes to leave everything you have known to find safety someplace else and start again.

Despite the obstacles, that drive is what helps to ensure that refugees thrive in America. They have high labor force participation rates and become a net economic positive for the country within just eight years of arrival.

I have been speaking so far about all immigrants, both documented and undocumented, but I want to focus now on the 10.5 million undocumented immigrants in the country, paying particular focus to the 7 million who are in our workforce today.

According to CBO and JCT, the comprehensive immigration reform bill that passed the Senate in 2013, which would have provided a path to citizenship for these individuals, would have decreased federal budget deficits by approximately $1 trillion dollars and increased the nation's GDP by 5.4 percent over 20 years. Average wages for all workers would have increased by 10 years.

By contrast, in 2016, CAP worked with two leading economists to find that removing undocumented workers from our workforce would, in the long run, reduce the nation's GDP by 2.6 percent and reduce cumulative GDP over 10 years by $4.7 trillion. Some industries would see workforce reductions of up to 18 percent.

In my testimony, you will see a table showing that the 23 states represented by Members of this Committee would experience GDP losses totaling more than $350 billion annually from such a policy. Each state would experience key losses in key industries, including a 13 percent loss in GDP from North Carolina's construction industry and a 12 percent loss in GDP from Texas' leisure and hospitality industry.

With respect to DREAMers and TPS and DED holders, earlier this month the House did pass H.R. 6, the American Dream and Promise Act, which would offer protection for people like Donaldo Posadas Caceres. Mr. Posadas is a TPS holder and member of the International Union of Painters and Allied Trades, who for the past 20 years has been working on some of the country's tallest bridges, helping to make necessary repairs and hanging larger-than-life American flags.

Attached to my testimony is a table showing that nearly 240,000 people from your congressional districts would benefit from this bill. The individuals and their households pay billions annually in federal, state, and local taxes, in rental payments and home mortgages.

Everyone knows our immigration system is broken. Before joining CAP, I spent seven years working for the House Immigration Subcommittee and was involved in two major bipartisan efforts to try to come up with a solution for that system. I think the Chair-

man would agree that the negotiations that we were involved in, in 2013, were spirited, but members on both sides of the aisle genuinely thought they were coming together to solve a problem for this country.

What gives me a hope that we will find a way back to those conversations in the years ahead is that despite the deluge of negative attacks that we hear constantly on immigrants and refugees, more than three-quarters of Americans now say immigration is a good thing for this country, the highest level in decades. A greater share of the American public also believes that immigration levels to this country should increase or stay the same than at any time since Gallup has polled that question in 55 years.

Americans want real solutions, and they want an immigration system that actually works, and that works as designed. If we can do that, if we can establish a well-functioning, modernized, and humane immigration system that both lives up to our nation's past and works for our nation's present and future, we can be true to the vision of this country as a nation of laws and a nation of immigrants and can begin to restore respect for the rule of law in that system. Moreover, we can position this country to harness the full economic benefits that immigration holds.

Thank you so much, and I look forward to your questions.

[The prepared statement of Tom Jawetz follows:]

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Center for American Progress

Building a More Dynamic Economy: The Benefits of Immigration

Testimony Before the U.S. House Committee on the Budget

Tom Jawetz, vice president for Immigration Policy at American Progress, testified before a hearing on the benefits of immigration at the U.S. House of Representatives on June 26, 2019.

Chairman Yarmuth, Ranking Member Womack, and members of the committee, thank you for inviting me to testify before you today on this important topic. My name is Tom Jawetz, and I am the vice president for Immigration Policy at the Center for American Progress. American Progress is the nation's foremost progressive think tank dedicated to improving the lives of all Americans through bold, progressive ideas as well as strong leadership and concerted action.

When I think of the contributions that immigrants—people from all over the world, of all backgrounds, skills, and levels of educational attainment—make to our country, I am reminded of something I often heard from my former boss and your colleague, Rep. Zoe Lofgren (D-CA), who speaks of immigrants as people who have "enough get-up-and-go to get up and go."[1] For hundreds of years, that really has been an important part of the story of America, so it is no surprise that in every state and in communities all across the country, immigrants and their children are helping to build a more dynamic economy and ensure a shared prosperity for all.

One way to look at this is through immigrant entrepreneurship. Although immigrants made up just 13.7 percent of the U.S. population in 2017,[2] they made up almost 30 percent of all new entrepreneurs in the United States that year.[3] Immigrants continue to be nearly twice as likely as native-born people to start businesses.[4]

Frequently, we think about immigrant entrepreneurship in connection with tech giants and startups such as Amazon, Apple, Google, and Yahoo—which were founded by immigrants or their children—and Microsoft and Oracle, which are today led by immigrants. According to a recent study by New American Economy, nearly 44 percent of the companies on the 2018 Fortune 500 list were founded by immigrants or the children of immigrants.[5] Together, these companies in fiscal

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year 2017 brought in $5.5 trillion in revenue—a figure that is greater than the gross domestic product (GDP) of every country in the world other than the United States and China.[6]

But that's not the whole picture. We know that small businesses make up nearly 70 percent of all employer firms in the country and that they help to create jobs and power local economies. It is therefore significant that immigrants own more than 1 in 5 small businesses and are more than 20 percent more likely to own such a business than a native-born person.[7] Beyond the direct economic benefits of these businesses and the jobs they create, it's important to talk about what it means to a community to have a thriving Main Street. Immigrants own more than 60 percent of all gas stations, 58 percent of all dry cleaners, 53 percent of all grocery stores, 45 percent of all nail salons, and 38 percent of all restaurants.[8] These are the businesses that represent the life and vitality of local communities.

Similarly, many times when people think about where immigrants live, they focus on traditional gateway places such as New York, San Francisco, Chicago, and Miami. Certainly, immigrants have long played a critical role in helping cities like these become the creative, diverse, thriving places that we know them to be. But over the past several decades, as immigrants have searched for new opportunities for themselves and their families, they have increasingly moved to new gateway cities such as Atlanta, Charlotte, Nashville, and Phoenix. Even in metropolitan areas, the fastest growth has occurred in the suburbs.[9]

Immigrants and refugees also are breathing new life into rural communities around the country that have been experiencing population decline for more than two decades. Late last year, CAP found that immigrants helped to ameliorate population decline in nearly 4 out of 5 rural places in the country that experienced such losses.[10] And in those rural places that experienced population growth, immigrants were entirely responsible for the growth in more than 1 in 5 places.[11] We know that sustained population loss contributes to hospitals shutting their doors, schools closing or being consolidated with those in neighboring towns, and businesses drying up. But in these rural places, immigrants are opening small businesses, providing essential health care services, rejuvenating downtown areas, and both filling and creating jobs.[12] They are also contributing their food, music, culture, and language and are increasingly becoming involved in local government.

Immigrants are not only helping to build a more dynamic economy right now, but we are counting on them to help ensure our continued shared prosperity in the years ahead. Most immigrants come to the United States during their prime working and reproductive years.[13] As more and more Baby Boomers retire, immigrants will not only disproportionately work as their doctors, nurses, and home health aides,[14] but immigrants and their children also will do the lion's share of the work in filling the enormous holes in the workforce that are left behind. According to a recent study by

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the National Academies of Sciences, Engineering, and Medicine, during the current decade, immigrants and their children will have accounted for virtually all of the country's growth in the working-age population; in the decade ahead, without immigrants and their children, the working-age population in the United States would decrease by more than 7 million.[15] The contributions of foreign-born workers through payroll taxes are shoring up the country's social safety net for years to come and helping to ensure that we honor the commitment we made to older Americans now turning to those programs for support.[16]

As the current administration has made dramatic cuts to the U.S. Refugee Admissions Program,[17] it is worth talking about the important economic contributions of refugees[18]—particularly to places such as Utica, New York, Clarkston, Georgia, and Fargo, North Dakota—that have increasingly turned to refugees over the years to help revitalize local communities and, again, fight population decline.[19] Although the image of a refugee that we're often presented with—and that is equally true of asylum seekers now requesting protection at our southwest border—is that of a person who comes with little more than the clothes on their backs, this fails to capture the drive and perseverance that it takes to leave your home country and everything you've ever known in order to find safety someplace else and start again. Despite the obstacles, that drive helps to explain why refugees thrive in America.[20] Refugees have high labor force participation rates and become a net economic positive for the country within only 8 years of arrival.[21] According to one survey of employers, refugee employees have higher retention rates than other workers across industry sectors and geography.[22] The facts are so good that when the U.S. Department of Health and Human Services, at the request of the Trump administration, prepared a study in 2017 concluding that refugees generated a net fiscal impact of $63 billion over the course of a decade, the administration led by Stephen Miller suppressed the findings.[23]

Up until now, I have been speaking generally about the contributions of immigrants and refugees to our economy, but I want to speak as well to the contributions of the 7 million undocumented workers in this country,[24] and specifically to the hundreds of thousands of individuals whose permission to live and work in the country has been thrown into limbo as a result of the Trump administration's decisions to end Deferred Action for Childhood Arrivals (DACA) and terminate designations of Temporary Protected Status (TPS) and Deferred Enforced Departure (DED).

Undocumented workers are fully integrated into the economic prosperity of this country. In 2016, CAP worked with two leading economists to study the economic impacts of removing all undocumented workers from the workforce.[25] The report found that such a policy "would immediately reduce the nation's GDP by 1.4 percent, and ultimately by 2.6 percent, and reduce cumulative GDP over 10 years by $4.7 trillion."[26] Every industry would suffer significant damage, but some would see workforce reductions of up to 18 percent or more, with long-run GDP losses

in the tens of billions of dollars annually for every industry. I have included in the Appendix to my written testimony Table 1, which shows the economic damage that removing unauthorized workers from the workforce would have in each of the states from which members of this committee come. The cumulative loss for just your states would amount to more than $350 billion annually,[27] and each state would experience substantial losses in key industries, including a 13 percent loss in GDP for North Carolina's construction industry; a 12 percent loss in GDP for Texas's leisure and hospitality industry; and a 21 percent loss in GDP for California's agriculture, forestry, fishing, and hunting industry.[28]

In 2013, the U.S. Senate passed legislation with strong bipartisan support to reform our immigration system and provide a path to citizenship for undocumented immigrants who had long resided in the country. According to a series of reports prepared by the nonpartisan Congressional Budget Office and Joint Committee on Taxation, including a cost estimate for the bill as passed and a separate report on the broader economic impacts of the bill, the legislation would have decreased federal budget deficits by approximately $1 trillion over 20 years, increased the nation's GDP by 3.3 percent in 10 years and 5.4 percent in 20 years, and increased average wages for all workers after 10 years.[29] Incidentally, at a hearing just two weeks ago, Acting U.S. Secretary of Homeland Security Kevin McAleenan also testified that the legislation would have significantly increased border security and helped to address some of the challenges that the administration is now dealing with along the border.[30]

Earlier this month, the U.S. House of Representatives passed with bipartisan support H.R. 6, the American Dream and Promise Act, which would provide a path to citizenship for Dreamers, young immigrants who came to this country years ago as children, and individuals eligible for TPS or DED. The legislation would offer protection to people such as Donaldo Posadas Caceres, a Honduran TPS holder and member of the International Union of Painters and Allied Trades, who has worked for the past 20 years on some of the tallest bridges in the country, making needed repairs and hanging larger-than-life American flags.[31] If the Senate were to take up this legislation and the president were to sign it, the bill would have a positive social and economic impact on states and communities all over the country. Although the legislation would directly affect up to 2.5 million individuals, those potential beneficiaries live with more than 5.6 million family members, more than 1 million of whom are U.S.-citizen children born in the United States.[32] These individuals and their households own more than 215,000 homes and pay more than $2.5 billion annually in mortgage payments; they contribute more than $27 billion annually in federal, state, and local taxes and hold more than $75 billion in spending power.[33] Working with the Center for the Study of Immigrant Integration at the University of Southern California, we have produced Table 2 in the Appendix to my remarks that shows these data as well as rental payments broken down by congressional district for each member of this committee, where available, and we would be happy to produce a similar table for your colleagues upon request. Looking at the congressional districts represented on this committee,

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we estimate that the legislation would provide a path to citizenship for nearly 240,000 people who—together with their households—pay nearly $1.7 billion in federal taxes and $950 million in state and local taxes annually. In your congressional districts, these households hold a cumulative $7.4 billion in spending power each year and pay more than $220 million in mortgage payments on nearly 21,000 homes and nearly $750 million in rental payments.[34]

Everyone knows that our immigration system is broken. The laws governing pathways to enter the United States have not been revisited in nearly 30 years, and the system today does not adequately serve the interests of American families, American businesses, or American society. Largely as a result of the disconnect between the country's interest and need in admitting immigrants and the outdated legal system that we have, an extralegal immigration system has developed. The clearest example of that is the fact that there are today an estimated 10.5 million undocumented immigrants in the country who have been here, on average, for nearly 15 years.[35]

But while we have been unable to reform the laws on the books to better match the legitimate needs on the ground, Congress and various administrations have layered upon this broken system additional enforcement tools and resources that have led to heightened arrests, detentions, and deportations, frequently of long-time residents, businessowners, and treasured members of families and communities. Though past administrations of both parties have used their executive authority—including through the use of prosecutorial discretion—to bring some measure of fairness and reason to our immigration system, the current administration appears to be focused on doing the exact opposite.

America is and has always been a nation of immigrants. We are also a nation of laws. And it is precisely because these two visions of America are intertwined that our laws must reflect our history and ideals as a nation of immigrants if they are to command the respect necessary for us to be a nation of laws.

Before I accepted my current position at CAP, I spent nearly seven years working for the Subcommittee on Immigration of the House Judiciary Committee. During that time, I was involved in two very substantial, bipartisan efforts to craft legislation to reform our immigration system in a way that would have lived up to our ideals as both a nation of immigrants and a nation of laws and that would have—going forward—helped to restore the rule of law in our immigration system. I think the chairman can attest to the fact that while the negotiations in 2013 were spirited, they were conducted in good faith, and the Democratic and Republican members who spent hundreds of hours involved in those discussions genuinely felt like they were doing something that was critically important for the good of the American people.

What gives me hope that we may find our way back to those conversations in the years ahead is that the American public is having a visceral, negative reaction to the relentless, daily attacks on immigrants and refugees that we are now experiencing. According

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to Gallup polling, a record-high three-quarters of all Americans now say that immigration is a good thing for the country—the highest level of support in decades.[36] The share of the American public that believes the level of immigration to the United States should increase or should increase or stay the same are both at the highest levels recorded since Gallup first began asking the question almost 55 years ago in 1965.[37] And about two-thirds of the American public continues to support giving undocumented immigrants in the country an opportunity to become citizens.[38]

Put simply, Americans want real solutions, and they want an immigration system that actually works and that works as designed. If we can do that—if we can establish a well-functioning, modernized, and humane immigration system that both lives up to the best of our nation's past and works for our nation's present and future—we will once again be able to honor our traditions as a nation of laws and a nation of immigrants and will have begun to restore respect for the rule of law in our system. Moreover, we will have positioned the country to truly harness the enormous positive economic benefits that immigration holds.

Tom Jawetz is vice president for Immigration Policy at the Center for American Progress.

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Appendix

TABLE 1

Average annual gross domestic product (GDP) losses that result from removing unauthorized immigrant workers, by state

State	Representatives and congressional districts	Average annual GDP loss	Share of state GDP
Arkansas	Steve Womack (R-AR-3)	$1,809,000,000	1.6%
California	Barbara Lee (D-CA-13) Ro Khanna (D-CA-17) Jimmy Panetta (D-CA-20) Scott H. Peters (D-CA-52)	$103,299,000,000	4.7%
Connecticut	Rosa L. DeLauro (D-CT-3)	$6,029,000,000	2.5%
Georgia	Rob Woodall (R-GA-7)	$11,132,000,000	2.5%
Illinois	Janice D. Schakowsky (D-IL-9)	$21,866,000,000	3.1%
Kentucky	John A. Yarmuth (D-KY-3)	$1,460,000,000	0.8%
Massachusetts	Seth Moulton (D-MA-6)	$8,788,000,000	2.0%
Michigan	Daniel T. Kildee (D-MI-5)	$4,041,000,000	0.9%
Minnesota	Ilhan Omar (D-MN-5)	$4,015,000,000	1.3%
Missouri	Jason Smith (R-MO-8)	$2,386,000,000	0.9%
Nevada	Steven Horsford (D-NV-4)	$5,736,000,000	4.5%
New Jersey	Albio Sires (D-NJ-8)	$25,926,000,000	4.9%
New York	Hakeem S. Jeffries (D-NY-8) Joseph D. Morelle (D-NY-25) Brian Higgins (D-NY-26)	$40,205,000,000	3.0%
North Carolina	George Holding (R-NC-2) David E. Price (D-NC-4)	$10,618,000,000	2.3%
Ohio	Bill Johnson (R-OH-6)	$3,646,000,000	0.7%
Oklahoma	Kevin Hern (R-OK-1)	$3,394,000,000	1.9%
Pennsylvania	Brendan F. Boyle (D-PA-2) Daniel Meuser (R-PA-9)	$6,412,000,000	1.0%
South Carolina	William R. IV Timmons (R-SC-4) Ralph Norman (R-SC-5)	$2,578,000,000	1.4%
Tennessee	Tim Burchett (R-TN-2) Jim Cooper (D-TN-5)	$3,351,000,000	1.2%
Texas	Dan Crenshaw (R-TX-2) Bill Flores (R-TX-17) Sheila Jackson Lee (D-TX-18) Chip Roy (R-TX-21) Lloyd Doggett (D-TX-35)	$60,124,000,000	3.9%

continues

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TABLE 1

Average annual gross domestic product (GDP) losses that result from removing unauthorized immigrant workers, by state

State	Representatives and congressional districts	Average annual GDP loss	Share of state GDP
Utah	Chris Stewart (R-UT-2)	$3,271,000,000	2.4%
Virginia	Robert C. "Bobby" Scott (D-VA-3)	$11,861,000,000	2.6%
Washington	Pramila Jayapal (D-WA-7)	$11,179,000,000	2.8%
House Budget Committee total		**$353,126,000,000**	**N/A**
U.S. total		**$434,400,000,000**	**2.6%**

Note: The annual estimates of GDP losses are the long-run impacts on production in 2013 dollars of a policy that removes all unauthorized immigrant workers. Total GDP losses exclude public sector contributions to GDP, which the policy does not affect.

Source: Ryan Edwards and Francisco Ortega, "The Economic Impacts of Removing Unauthorized Immigrant Workers: An Industry- and State-Level Analysis" (Washington: Center for American Progress, 2016), available at https://www.americanprogress.org/issues/immigration/report/2016/09/21/144363/the-economic-impacts-of-removing-unauthorized-immigrant-workers/

TABLE 2

The annual economic contributions of households with immigrants eligible for protection under H.R. 6, the American Dream and Promise Act, by congressional district

Representative and congressional district	Estimated number of eligible immigrants	Federal taxes	State and local taxes	Spending power	Homes owned	Mortgage payments	Rental payments
Steve Womack (R-AR-3)	8,400	$43,071,000	$30,552,000	$229,333,000	1,900	$11,072,000	$16,773,000
Barbara Lee (D-CA-13)	10,300	$72,567,000	$38,632,000	$312,082,000	600	$11,871,000	$41,854,000
Ro Khanna (D-CA-17)	8,500	$161,348,000	$69,206,000	$503,406,000	500	$9,085,000	$34,024,000
Jimmy Panetta (D-CA-20)	17,900	$112,235,000	$61,454,000	$505,268,000	800	$11,000,000	$54,978,000
Scott H. Peters (D-CA-52)	4,900	$74,228,000	$32,247,000	$239,618,000	400	$7,087,000	$22,124,000
Rosa L. DeLauro (D-CT-3)	3,700	$30,395,000	$19,091,000	$122,090,000	300	$4,164,000	$12,673,000
Rob Woodall (R-GA-7)	14,600	$106,697,000	$59,218,000	$476,238,000	1,800	$18,532,000	$35,664,000
Janice D. Schakowsky (D-IL-9)	7,400	$52,183,000	$39,394,000	$237,227,000	300	$5,176,000	$32,252,000
John A. Yarmuth (D-KY-3)	2,600	$13,278,000	$8,133,000	$60,284,000	N/A	N/A	$4,127,000
Seth Moulton (D-MA-6)	3,500	$47,585,000	$18,578,000	$151,039,000	300	$10,809,000	$11,726,000
Daniel T. Kildee (D-MI-5)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ilhan Omar (D-MN-5)	5,400	$29,992,000	$19,600,000	$155,094,000	N/A	N/A	$19,233,000
Jason Smith (R-MO-8)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
George Holding (R-NC-2)	4,900	$26,167,000	$15,468,000	$131,749,000	800	$6,710,000	$7,157,000
David E. Price (D-NC-4)	7,400	$41,590,000	$24,124,000	$206,582,000	700	$6,477,000	$15,944,000
Albio Sires (D-NJ-8)	19,500	$145,153,000	$84,427,000	$630,633,000	600	$14,979,000	$90,891,000
Steven Horsford (D-NV-4)	10,300	$58,261,000	$25,749,000	$294,935,000	900	$8,125,000	$31,935,000
Hakeem S. Jeffries (D-NY-8)	10,200	$99,699,000	$64,054,000	$358,375,000	300	$7,533,000	$41,470,000
Joseph D. Morelle (D-NY-25)	1,800	$6,862,000	$5,679,000	$33,875,000	N/A	N/A	N/A
Brian Higgins (D-NY-26)	1,600	$5,424,000	$4,331,000	$25,673,000	N/A	N/A	$3,355,000

continues

TABLE 2

The annual economic contributions of households with immigrants eligible for protection under H.R. 6, the American Dream and Promise Act, by congressional district

Representative and congressional district	Estimated number of eligible immigrants	Federal taxes	State and local taxes	Spending power	Homes owned	Mortgage payments	Rental payments
Bill Johnson (R-OH-6)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Kevin Hern (R-OK-1)	5,300	$36,171,000	$22,509,000	$170,296,000	800	$5,617,000	$7,680,000
Brendan F. Boyle (D-PA-2)	4,000	$19,417,000	$14,839,000	$100,596,000	400	$3,038,000	$11,832,000
Daniel Meuser (R-PA-9)*	600	$6,075,000	$3,375,000	$23,832,000	N/A	N/A	N/A
William R. IV Timmons (R-SC-4)	3,300	$20,574,000	$10,261,000	$95,759,000	400	$2,321,000	$6,005,000
Ralph Norman (R-SC-5)*	1,200	$6,765,000	$3,526,000	$33,786,000	N/A	N/A	N/A
Tim Burchett (R-TN-2)	2,300	$7,133,000	$4,288,000	$41,651,000	N/A	N/A	$5,953,000
Jim Cooper (D-TN-5)	6,600	$42,588,000	$20,174,000	$211,143,000	700	$5,482,000	$21,355,000
Dan Crenshaw (R-TX-2)	13,600	$80,958,000	$48,255,000	$395,178,000	1,400	$10,166,000	$49,231,000
Bill Flores (R-TX-17)	8,800	$49,582,000	$28,958,000	$237,415,000	600	$3,296,000	$20,140,000
Sheila Jackson Lee (D-TX-18)	18,900	$103,160,000	$61,089,000	$504,307,000	2,700	$24,074,000	$47,324,000
Chip Roy (R-TX-21)	6,200	$34,160,000	$18,840,000	$158,966,000	600	$6,118,000	$15,714,000
Lloyd Doggett (D-TX-35)	11,100	$56,013,000	$34,531,000	$280,955,000	900	$7,510,000	$26,815,000
Chris Stewart (R-UT-2)	5,900	$32,701,000	$17,813,000	$170,648,000	800	$8,086,000	$12,997,000
Robert C. "Bobby" Scott (D-VA-3)	2,200	$13,258,000	$7,780,000	$62,782,000	N/A	N/A	$5,916,000
Pramila Jayapal (D-WA-7)	6,000	$54,355,000	$27,404,000	$216,322,000	300	$4,674,000	$28,644,000
House Budget Committee total	**239,800**	**$1,693,758,000**	**$946,173,000**	**$7,398,143,000**	**20,800**	**$222,300,000**	**$745,186,000**
U.S. total	**2,506,800**	**$17,380,900,000**	**$9,690,100,000**	**$75,382,900,000**	**215,400**	**$2,506,800,000**	**$7,380,400,000**

Notes: Asterisked data (*) are based on small sample sizes and may be unreliable. Spending power is defined as household income that remains after federal, state, and local tax contributions. For most districts, mortgage and rental payment data are based on small sample sizes and should be used with caution.

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Chairman YARMUTH. Thank you for your testimony.

I now recognize Mr. Kahin for five minutes.

STATEMENT OF ABDIRAHMAN KAHIN

Mr. KAHIN. Chairman Yarmuth, Ranking Member Womack, and Members of the Committee, thank you for the opportunity to speak with you. My name is Abdirahman Kahin, and I am the owner of Afro Deli and Grill, a small fast casual chain of restaurants in Minnesota.

I am here today to share my humble experience and my perspective on the positive impact immigrants have in every district in America.

Today, I share my personal story, but I wouldn't be here before you without the support of many others who have walked similar paths. I immigrated to the United States in 1996, and I have been blessed to call the state of Minnesota my home since 1997.

I came to the U.S. like many immigrants, to find safety and opportunity as an asylum seeker, a young man from Somalia without much experience or skills.

In Minnesota, I found a rich immigrant community from all over the globe and an opportunity to create the life I always dreamed of. My first job was as an overnight parking attendant, which was perfect because it allowed me to go to ESL classes in the evening before work. After that, I was able to attend community college and learn the skills I needed to start my first business, a media production company.

In the 10 years after, I open several other businesses before I found my passion in the hospitality industry. My American Dream evolved, and now I wanted to open my own unique restaurant with a new concept: healthy, with fresh ingredients, accessible African food, and welcomes everyone.

I realized my dream in 2010 when I opened Afro Deli. In Afro Deli, I saw a vehicle to bridge cultures, build a successful business, and contribute back to my community in a meaningful way. We now have expanded to three locations and with a fourth location opening next month. We have over 60 employees and consultants.

Afro Deli's culture is rooted in the belief that good food has the power to bring people together. When we sit down to eat, we share a common connection to the world, through the ingredients in our dishes.

Our staff is as diverse as our customers. We often joke that Afro Deli is the only place in Minnesota where a Japanese American cooks African food.

We are so proud to offer good jobs in a supportive and inclusive workplace. The restaurant business can be a challenge, and I have been successful by focusing on supporting my hardworking staff. This is why I champion paid sick leave, something Afro Deli has always offered to staff, to push other small business owners to support working families, improve working conditions, and reduce turnover. In addition, we have been able to provide other benefits, too, including vacation time and parental leave for new mothers and fathers.

We take pride in being a diverse organization where Americans of different origins work together. Afro Deli directly supports local

initiatives and community organizations that do good. We offer donations of food, money, and time to a wide variety of good causes. It is part of our DNA.

Whether it is spearheading an initiative like Dine Out for Somalia to raise money for the famine relief effort in 2017, or offering free meals to our furloughed neighbors as a small token of our appreciation for their public service, giving back is an important part of my company.

Personally, I have been honored to serve on several local and national boards, and I encourage my staff to do so as well.

Our efforts to contribute to our local community don't end with nonprofit partners. Afro Deli is also a partner with local farmers and small business owners where possible. This means the majority of our meats, produce, or other ingredients are sourced locally from the locals, with most of them minority- or women-owned as well.

Afro Deli is an integral part of the fabric of Minnesota. We are so proud to be a product of Minnesota, and we believe we represent the best our state has to offer.

My goal is to continue expanding and open in every city across the state and across the country, becoming the first national African restaurant chain in the U.S. I want to grow so I can share our food, our culture, our values, and create more jobs across the country. I believe food has no borders and has the power to convene people in meaningful ways.

Thank you very much.

[The prepared statement of Abdirahman Kahin follows:]

afro
deli & grill

Written Testimony of Abdirahman Kahin
Owner of Afro Deli
June 26, 2019

Chairman Yarmuth, Ranking Member Womack, and members of the committee;

Thank you for the opportunity to speak with you today. My name is Abdirahman Kahin, and I am the owner of Afro Deli, small fast casual chain of restaurants in Minnesota.

I'm here today to share my humble experience and my perspective on the positive impact immigrants have in every community I've been a part of.

Today, I share my personal story but I wouldn't be here before you today *without* the support of many others who have walked similar paths.

I immigrated to the United States in 1996 and have been blessed to call the state of Minnesota my home since 1997. I came to the U.S. like many immigrants, to find safety and opportunity, as an asylum seeker: a young man from Somalia without much experience or skills.

In Minnesota, I found a rich immigrant community from all over the globe and an opportunity to create the life I dreamed about. I worked as an overnight parking attendant for my first job, which was perfect because it allowed me to go to ESL classes in the evenings before work. After that, I was able to attend community college and learn the skills I needed to start my first business, a media production company. In the ten years after, I opened several other businesses before I found my passion in the hospitality industry. My American dream evolved and I now wanted to open my own unique restaurant with a new concept. Healthy, fresh, accessible African food made to order and affordable. *An African Chipotle, but more.*

I realized my dream in 2010 when I opened Afro Deli. In Afro Deli, I saw a vehicle to bridge cultures, build a successful business, and contribute back to my local community in a meaningful way. We now have expanded to 3 locations with a fourth location opening next month.

Culture

Afro Deli's culture is rooted in the belief that good food has the power to bring people together. When we sit down to eat, we share a common connection to the world *through the ingredients in our dishes*. Everything from Afro Deli's customers, to our employees, to our menu aligns with a strong commitment to our community and to diversity. As a result, Afro Deli has an atmosphere as a 'community meeting', where a mix of people – from students, CEOs and even Malala Yousafzai – come for a great experience.

Customers

Afro Deli's innovative integration of community and business is a large part of our success. For our customers, Afro Deli is more than just another business. It is a place that deeply connects with their values. A local place they can be proud to patronize and recommend to their friends and family. (Our customers are our family and they appreciate our commitment to local community work because they are just as committed themselves. *Don't get me wrong. I'm pretty sure they like the food as well.*

Food

Our core food is African fusion but our menu is intentionally diverse to meet people where they are. We keep it simple and approachable while providing options for the most picky palates. Over the years, our menu has also evolved from the feedback our customers and we have added more items to give more options to our customers of all dietary needs*, as well as new tasty items when asked.* We are committed to continuing to serve a wide range of eaters and giving our customers excellent quality food, every time they visit us. This accessibility, consistency and convenience makes customers feel good about what they're eating.

Staff

Our staff at Afro Deli is as diverse as our customers and we're proud to offer good jobs in a supportive and inclusive workplace. *We often joke that Afro Deli is the only place in Minnesota where a Japanese-American cooks African food.*

The restaurant industry can be challenging and I have been successful by focusing on and supporting our employees. This is why I championed paid sick leave – something Afro Deli has always offered to staff – to push other business owners to support working families, improve

working conditions, and reduce turnover. In addition, we have been able to provide other benefits too including vacation time and parental leave for new mothers or fathers.

We also regularly host birthday celebrations, potlucks, and employee appreciation events. Most of our staff have been working with us for more than 7 years so we have a close and supportive family environment. We take in pride in being diverse organization where Americans of different origins work together and individuals are encouraged to be who they are, and be proud of themselves. We have over 60 employees and half are immigrants themselves.

Community

As proud members of every community we're in, Afro Deli directly supports local initiatives and community organizations that do good. We offer donations of food, money, and time to a wide variety of good causes because it's part of our dna. Whether it's spearheading an initiative like Dine Out for Somalia to raise money for famine relief efforts 2017 or offering free meals to our furloughed neighbors as a small token of our appreciation of their public service; giving back is an important part of our organizational culture. Personally, I have been honored to serve on several local and national boards, and encourage my staff to do so as well.

Our efforts to contribute to our local community don't end with our nonprofit partners. Afro Deli is also intentional about establishing business partnerships with local farmers and small business owners where possible. This means the majority of our meats, produce, and other ingredients are sourced locally and from local small businesses in the Twin Cities area, with most being minority or woman owned as well.

We work with local minority suppliers and traditionally disadvantaged businesses because we want to create more opportunities for others so they may pass it forward. When these businesses grow in our community, they hire more community members and everyone benefits. In this way, we support the growth of local economy and try to improve the lives of those we encounter everyday. Giving back to our community is a fundamental piece of Afro Deli's culture and we've been proud to serve where we can.

Afro Deli is an integral part of, and is firmly rooted in, the fabric of Minnesota. We're proud to be a product of Minnesota and believe we represent the best our state has to offer. Our

customers span across all age, social, and income groups, and we're proud to be a bridge across cultures by offering great food and a rich social/cultural dining experience.

Over the last 8 years, we have expanded to 3 locations and over 50 employees, with plans for 3 more locations over the next two years. In fact, we will be opening our fourth location next month in downtown Minneapolis. We have been successful because of our community's support and it is our connection with our community that anchors our success.

Conclusion

To conclude, my immigrant experience is not unusual and I'm thankful for the opportunity I have had to build a life for myself and give back to the community, state, and country that has given me that opportunity.

I'm proud of Afro Deli's growth so far and I, with the support of a great team, have plans to continue growing. My goal is to continue expanding and open Afro Delis in every city and state across the country, becoming the first national African restaurant chain the U.S. I want to grow so I can share our food, our culture, and our values with everyone across the country. I believe food has no borders and has the power to convene people in meaningful ways.

Thank you again for the opportunity to provide my humble perspective on the positive impact of immigration in my life and my community. Please let me know if I can answer any questions or provide you with any additional information.

Chairman YARMUTH. Thank you for your testimony.

I now recognize Dr. Kerr for five minutes.

STATEMENT OF SARI PEKKALA KERR, PH.D.

Dr. KERR. Thank you. Thank you, Chairman Yarmuth, Ranking Member Womack, and all Members of the Committee for inviting me to speak today. My name is Sari Kerr. I am a senior research scientist at Wellesley College. I am an economist, and my research focuses on the labor market, immigration, and entrepreneurship. And today, I will tell you about my work related to immigrant entrepreneurs.

As economists, we know a lot about immigration's impact in the labor market, with many scholars having asked whether the increased labor supply displaces native workers or lowers wages. The answer is typically no or very little. Instead, immigrants have been found to benefit their host economy, economically and fiscally.

However, we know rather little about immigrants as founders of new firms and creators of jobs, as actors who actually increase the demand for labor and supply wages for local workers. This distinction is rather important as there are typically few concerns in the entrepreneurship arena that one startup would displace another.

For the last five years, I have studied the role of immigrant entrepreneurs in the U.S., and today I would like to highlight some key findings from that research.

So first, immigrants start an increasingly large share of all new employer firms in the U.S. From 1995 to 2012, that share went from 16 to 25 percent. So just over one in four new employer firms have at least one owner who was born outside of the U.S. now, and that is twice the share of immigrants in the population of the United States.

The immigrant entrepreneurship has also boomed at the same time when the overall rate of business startups in America has been falling, making them even more important.

Second, the role of immigrant entrepreneurs is large in the high-tech sector, but just as large in other sectors of the economy. The high-tech sector, 29 percent of new firms have at least one immigrant owner, whereas in other industries the share is 26 percent.

And we see that immigrant firms are especially concentrated in the service sector, accommodation and food, professional and technical services, healthcare and social services, as well as in retail trade.

Third, the U.S. states definitely differ greatly in terms of the share of firms that are owned by immigrants. But in all states in all cases, immigrants start more firms on a per capita basis than natives do. If we look at the least dependent states, like Montana, the Dakotas, and Idaho, we notice that about 6 percent or less of the new firms are founded by immigrants, whereas in California, New Jersey, and New York, that share is more than 40 percent.

But wherever we look, immigrants are more likely to start companies than natives are. So, for example, in 2007, about 3 percent of Kentucky's population was born outside of the United States, but 9 percent of all new employer firms in Kentucky in that year had immigrant owners.

Fourth, the job creation share of immigrant entrepreneurs is also high. The average immigrant-owned firm hires slightly fewer employees than the average native-owned firm, but nevertheless, they account for about 23 percent of all jobs created in these young employer firms we looked at. This is very important as young firms tend to account for almost all of the net job growth in America.

And my final point is that the jobs that immigrant entrepreneurs create pay somewhat less and provide a little bit somewhat fewer benefits in terms of paid time off, retirement savings accounts and health insurance, and that comes largely from their concentration in those three key sectors that I mentioned.

If I look at high-tech sectors, then immigrant-owned firms actually pay higher wages and offer relatively similar employee benefits as the native-owned firms. And, again, if I compare apples to apples, where my apples are firms that are very similar in terms of all their observable traits, then the jobs created by immigrant entrepreneurs look very similar as those created by native owners of firms.

As a conclusion, I would like to state that the contribution of immigrant entrepreneurs to the U.S. economy is quite significant and often not fully recognized even among the dedicated immigration and entrepreneurship scholars. The U.S. landscape in terms of firms and jobs would look rather different without the immigrant entrepreneurs.

I am very happy to answer any questions you may have today, and I thank you again for this opportunity to come and talk.

[The prepared statement of Sari Pekkala Kerr follows:]

Statement of Sari Pekkala Kerr

Senior Research Scientist, Wellesley Centers for Women, Wellesley College

Research Economist, National Bureau of Economic Research (NBER)

To be presented to:

United States House Committee on the Budget, hearing on "Building a More Dynamic Economy: The Benefit of Immigration"

Thank you Chairman Yarmuth, Ranking Member Womack, and members of the Committee for inviting me to speak today.

My name is Sari Pekkala Kerr, and I am a Senior Research Scientist at Wellesley College. I received a Ph.D. in economics in 2000, and since then my research has focused on the economics of the labor market, immigration, entrepreneurship, and human capital. I am here in my personal capacity to describe what I think are the most important findings in the field of research related to immigrant entrepreneurs.

The topic of immigration has been studied extensively by economists and other social scientists. Most of find immigrants to be a net benefit to the host economy.[1] Even large, sudden inflows of migrants have not been found to cause negative employment or wage effects on the natives[2], but instead benefit the economy in the long run, with benefits increasing the more highly educated the incoming group of migrants is.[3] Similarly, the fiscal impacts of immigration have been found to be positive, and increasing with the skill level of the migrants.[4]

While the academic literature has been dominated by analyses studying whether immigrants displace native workers in specific labor markets, scholars have spent much less time evaluating the impact of immigrants as founders of new firms and creators of jobs. This distinction is quite important, as the displacement effects studied in the labor markets are likely to be mostly absent in the arena of entrepreneurship. Over the last five years, I have focused my research efforts in trying to understand the role played by immigrants as entrepreneurs in United States, and in today's testimony I would like to focus on 5 key findings from my own research.

1. Immigrants start an increasingly large share of all new employer firms in the United States. Between 1995 and 2012 the share grew from about 16% to 25%.

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[1] See Kerr and Kerr (2011) for an extensive, international survey of this literature. "Economic Impacts of Immigration: A Survey." Finnish Economic Papers 24(1).

[2] E.g. Friedberg (2001) "The impact of mass migration on the Israeli labor market." *Quarterly Journal of Economics* 111, Card (2001) "Immigrant inflows, native outflows, and the local labor market impacts of higher immigration." Journal of Labor Economics 19, and Pischke and Velling (1997). "Wage and employment effects of immigration to Germany – An analysis based on local labor markets." Review of Economics and Statistics 79(4).

[3] E.g. D'Albis, Boubtane, and Coulibaly (2018). "Macroeconomic Evidence suggests that Asylum Seekers are not a "Burden" for Western European Countries." Science Advances 4(6), and Peri (2014) "Do immigrant workers depress the wages of native workers?" IZA World of Labor 2014: 42.

[4] Dustman and Frattini (2014). "The fiscal effects of immigration to the UK." Economic Journal 123, Storesletten (2000). "Sustaining fiscal policy through immigration." Journal of Political Economy 108, and Borjas (2001) "Does immigration grease the wheels of the labor market?" Brooking Papers on Economic Activity 1/2001.

2. The role of immigrant entrepreneurs is equally large (and often more so) in the high-tech sector as it is in "low-tech sectors".
3. There are large differences across US states in terms of the share of businesses owned by immigrants. But in all US states, immigrants start more firms on a per capita basis than natives.
4. The job creation share of immigrant entrepreneurs follows closely the firm creation share. Immigrant-owned firms hire slightly fewer employees per firm, but the difference comes from differential location and industry concentration of the firms.
5. The jobs created by immigrant entrepreneurs pay somewhat less or provide fewer benefits, largely due their concentration in three key sectors.

Let us now look at each of these key findings in some more detail.

Fact #1: The role of immigrant entrepreneurs is growing

In California, every fourth person you meet was born outside of the United States. But if you step into a gathering of local entrepreneurs, almost half of them will be immigrants. They play an increasingly large role as founders of new firms and creators of jobs.[5]

Regardless of the source of data used and/or the definition of "entrepreneur" (being it firm owners, firm founders, or self-employed individuals running their own incorporated businesses) there is a clear, increasing trend in the share of firms run by immigrant entrepreneurs. In the 2012 Survey of Business Owners, 26% of recently founded employer firms had at least one owner who was born outside of the United States. That is significantly higher than the share of immigrants in the population (12.9%) or in the overall labor force (16.4%).[6] Notably, the growth in immigrant entrepreneurship happens at the same time when the overall rate of business start-ups is falling, further emphasizing the role of immigrant founders in maintaining the dynamics of new firms.[7]

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[5] The entrepreneurship related numbers cited here come from two sources. Some are based on the Survey of Business Owners (SBO), collected by the U.S. Census Bureau in 2007 and 2012. In particular, the analysis focuses on non-public employer firms where the place of birth of the firm owner(s) can be determined. Immigrant owners are those born outside of the United States. For further details, see Kerr & Kerr (2018) "Immigrant Entrepreneurship in America: Evidence form the Survey of Business Owners 2007 & 2012." National Bureau of Economic Research (NBER) Working Paper 24494. The second set of numbers come from the Longitudinal Employer Household Dynamics (LEHD) database that is created by the U.S. Census Bureau and is based on administrative records. Immigrant founders are those who were among the top earners in the firm during its first year of operation. For further details, see Kerr & Kerr (2017) "Immigrant Entrepreneurship." In *Measuring Entrepreneurial Businesses: Current Knowledge and Challenges*, NBER Book Series Studies in Income and Wealth.

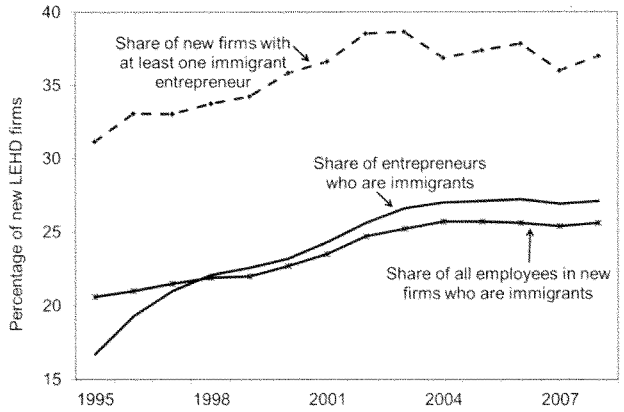
[6] The population and labor force numbers are based on the 2010 American Community Survey.

[7] E.g. Karahan, Pugsley and Sahin (2019). "Demographic Origins of the Startup Deficit." National Bureau of Economic Research Working Paper 25874, and Decker, Jarmin, Haltiwanger, and Miranda (2014) "The Role of Entrepreneurship in US Job Creation and Economic Dynamism." Journal of Economic Perspectives 28(3). These studies show that the overall business start-up rate has declined since the late 1980s, plummeted during the Great Recession of 2008 and has not recovered since then.

It is worth noting that many firms (about 1-in-5 of those that have at least one immigrant entrepreneur) are founded and/or owned by a team of individuals consisting of both immigrants and natives. According to many metrics, those firms seem to do better than firms that have either only immigrant or only native founders.

Figure 1: LEHD immigrant entrepreneurship trends

Entrepreneurs are defined as top three initial earners in business



* Source: Longitudinal Employer Household Dynamics (LEHD) database 1995-2008.

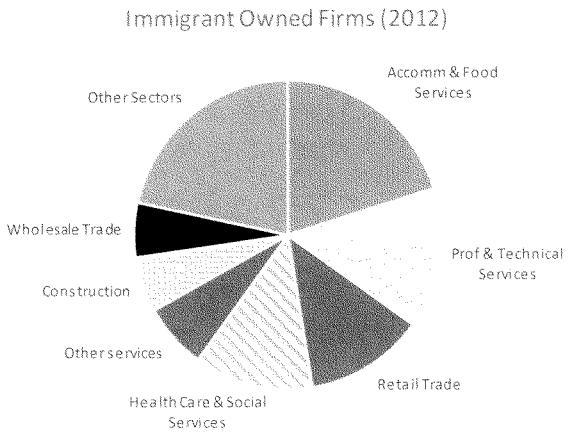
Fact #2: Immigrant entrepreneurs span the whole U.S. economy (and beyond)

Immigrant entrepreneurs are just as visible in the Main Street as they are in internet-based companies. They span anything from the local Chinese restaurant or dry cleaner, to some of the biggest technology companies like Google, Facebook, and Uber.

While there has been a lot of discussion around the immigrant founders in the field of high-tech and innovation, immigrant entrepreneurs are just as prevalent in low-tech sectors. They are particularly concentrated in accommodation and food services, professional and technical services, and retail trade, with those 3 sectors accounting for almost half of all immigrant-owned employer firms in 2012. Among recently founded firms, health care and social services also represent a major concentration for the immigrant-owned firms.

In high-tech industries, 29% of recently founded firms have at least one immigrant owner, whereas the share is 26% in other industries. Likewise, immigrants represent about 25% of all self-employed running an incorporated business. Immigrant-owned firms are also over-represented among exporter firms and are more likely to have operations outside of the United States. These international aspects mean that these firms can benefit from demand well beyond the local market for their goods and services.

Figure: Distribution of immigrant owned firms by sector (2012)



* Source: Survey of Business Owners (SBO) 2012. Non-public employer firms founded in 2008-2012.

Fact #3: Some states are very dependent on immigrant entrepreneurs; others are less so

Some states attract a lot of immigrants. Such immigrant gateway states include California, New York, New Jersey, and Florida where immigrants represent over 20 percent of the total population. Other states have not seen such high levels of immigration, and there are many states where the population share of immigrants is less than 3 percent.

Consequently, there are also vast differences across the U.S. states in terms of the share of firms that have immigrant owners. The least dependent states, such as Montana, the Dakotas, and Idaho, had 6% or less of their new firms founded by immigrants in 2012, whereas the shares for California, New Jersey, and New York exceed 40%. These differences are larger than what would be expected based upon immigrant population shares, and they can be correlated with how immigrant-friendly the policy environments are at the state level.

Yet in all cases the propensity of immigrants to start companies exceeds that of the natives, when measured as the excess share among firm owners above and beyond their population share. For example, while only 2.3 percent of Kentucky's population was born outside of the United States, almost 9 percent of all newly founded Kentucky employer firms had immigrant owners in 2007. These kinds of patterns are very much expected, as researchers in other countries have similarly found immigrants to be heavily overrepresented among the self-employed and entrepreneurs.

Figure: Firms with at least one immigrant owner as a share of all firms in the state

* Source: Survey of Business Owners (SBO) 2012. Non-public employer firms founded in 2008-2012.

Fact #4: Immigrant-owned firms are major creators of jobs

Immigrant entrepreneurs create job opportunities for U.S. natives as well as for other immigrants. They represent an important source of earnings for many local communities.

Among newly founded firms, first-generation immigrant-owned firms account for 23% of all jobs created by those firms. This is important as young firms account for almost all of the net job growth in America.[8] While the young immigrant-owned firms, on average, hire slightly fewer employees (5.0, on average) than native-owned firms (5.9), it is interesting to note that the average number of employees is greatest in those firms that have both immigrant and native owners (7.6).

It is more challenging to provide an employment estimate for immigrant entrepreneurs that would also consider the older public companies, which indeed employ a substantial part of the nation's workforce.[9] Immigrants have played a role in founding many of these large companies, with some estimates suggesting that first- and second-generation immigrants have been a part of the founding team in as many

[8] Haltiwanger, Jarmin, and Miranda (2013) "Who Creates Jobs? Small versus Large versus Young." The Review of Economics and Statistics 95(2).

[9] Consider, for example, the case of Google with a first-generation immigrant founder (Sergey Brin), or Apple with a second-generation immigrant founder (Steve Jobs).

as 44 percent of the Fortune-500 companies.[10] Those contributions typically happened many years ago and the ownership is now diffuse, making it hard to incorporate these older firms in the analyses performed above. Regardless, it is safe to say that the overall employment base in America would be much smaller without the contribution of immigrant-owned and –founded businesses.

Table: Firm and Job Creation Shares by MSA and Industry Type Among Young Employer Firms

Geographic distribution of firms and jobs in 2012

	Immigrant owned share of firms	Immigrant firm share of employment
Firms Founded in 2008-2012		
High-tech industries		
Overall	28.5%	23.7%
Outside of Top 10 Tech Clusters	17.6%	17.0%
Top 10 Tech Clusters Excluding SF	43.9%	37.8%
San Jose and San Francisco	62.5%	75.0%
Other industries		
Overall	25.7%	23.0%
Outside of Top 10 Tech Clusters	18.1%	16.8%
Top 10 Tech Clusters Excluding SF	42.0%	38.0%
San Jose and San Francisco	62.5%	52.5%

* Source: Survey of Business Owners (SBO) 2012. Non-public employer firms founded in 2008-2012. The shares represent tabulation weighted estimates from the survey data, and only pertain to the SBO employer firms where the owner(s) place of birth can be determined. This analysis excludes firms that were founded before 2008, public firms, and non-employer firms.

Fact #5: Differences in job quality come largely from location and sector choices of the firm

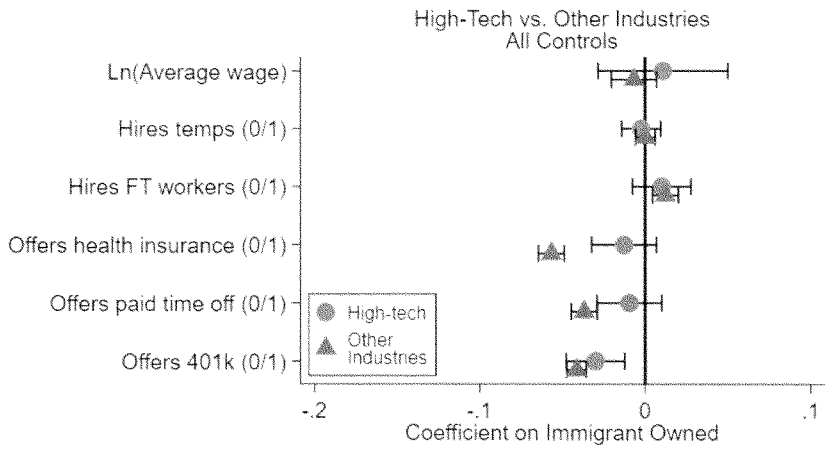
News reports have highlighted the polarization of the labor market, with concerns that well-paying mid-level manufacturing and office jobs are eroding. Immigrant entrepreneurs boost demand for labor, but their demand is focused on specific sectors and geographic areas.

When measuring "job quality" within a firm by the average payroll earnings per employee, the types of employees hired (full-time / temporary), and the provision of fringe benefits (paid time off, health insurance, retirement account / 401-k) it appears that in the "low-tech sectors" immigrant-owned firms pay somewhat lower wages and are less likely to provide employee benefits. Conversely, in the high-tech sectors immigrant owned firms actually pay higher wages, and offer relatively similar employee benefits as the native owned firms. If comparing jobs created by immigrant and native entrepreneurs within

[10] https://research.newamericaneconomy.org/report/new-american-fortune-500-in-2018-the-entrepreneurial-legacy-of-immigrants-and-their-children/

similarly sized firms in narrowly defined sectors and localities, those quality differences become much smaller. In other words, the concentration of immigrant-owned firms into sectors where the pay is lower and the prevalence of employee benefits is smaller (e.g. service sectors) explains why the average job created by an immigrant entrepreneur looks somewhat different than a job created by a native entrepreneur. When comparing firms that are similar in terms of all observable traits, the jobs created also look more similar.

GRAPH: Immigrant-native difference in average wage, % employee types, % benefit types in 2012 after including all regression controls.



* Source: Survey of Business Owners 2007 and 2012. Regression analysis controls for survey year, 4-digit NAICS code, State and county, firm size, entrepreneur traits (age, gender, education, ethnicity, and number of owners). Estimate for immigrant ownership is displayed with a 95% confidence interval. Coefficient estimate shows the approximate percent difference between immigrant and native owned firms, whereas the confidence interval indicates whether the estimate is statistically distinguishable from zero. For example, immigrant owned firms in high—tech pay about 3 percent higher wages than otherwise similar native owned firms, but the difference is not statistically significant.

Conclusion

The contribution of immigrant entrepreneurs to the U.S. economy is significant, but often not fully recognized even among the dedicated immigration scholars. Emerging evidence from other countries suggests similar contributions elsewhere. Perhaps consistent with the empirical evidence is the fact that many countries have created specific visa and policy schemes to attract immigrant entrepreneurs.[11] The main U.S. visa program that is specific to entrepreneurs (EB-5) has seen relatively modest use to date, and indeed most immigrant entrepreneurs will have arrived under a variety of circumstances. The current available data do not permit a deeper analysis of immigrant entrepreneurs by visa category or entry circumstance, but existing evidence for college educated immigrants suggests that the majority of those who wind up starting their own firm that employs at least 10 workers initially arrived with a student visa, a work visa, or as a dependent of a visa holder.[12] Similar data are unfortunately not available for individuals without a college degree, who notably represent about a half of the immigrant (and native) entrepreneur population. Additional combination of data from different Federal agencies (including the USCIS) would enable researchers to provide findings that could better support evidence-based policy making, e.g. in the area of immigration policy.[13]

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[11] For example, Australia created a visa for immigrants with entrepreneurial skills in 2012, the UK introduced a new entrepreneur visa in 2008, and Canada also created a similar program in 2013.

[12] The analysis is based on the 2003 National Survey of College Graduates. Hunt (2011). "Which Immigrants Are Most Innovative and Entrepreneurial? Distinctions by Entry Visa," Journal of Labor Economics 29(3).

[13] https://www.cep.gov/report/cep-final-report.pdf

Chairman YARMUTH. Thank you, Dr. Kerr, for your testimony.

I now recognize the Honorable Mayor of Yuma, Arizona, Mr. Nicholls, for five minutes.

STATEMENT OF THE HONORABLE DOUGLAS J. NICHOLLS

Mr. NICHOLLS. Thank you very much, Chairman Yarmuth and Ranking Member Womack and Committee Members for this community today to speak to you about immigration and the impact on the Yuma community.

I am Doug Nicholls, the Mayor of the City of Yuma. And just to give you little background on Yuma, Yuma has 100,000 people year round. Our location is where Arizona, California, and Mexico meet. So we are right on the southern border.

Our county has a GDP of $5 billion, with $3.5 billion associated with the agricultural industry. And that industry produces 90 percent of the leafy green vegetables the United States and Canada consume during the winter season.

That requires 50,000 agricultural workers to make that happen. They are comprised of 3,800 H–2A visa holders, over 30,000 domestic workers, and 15,000 workers that cross the border each day to work in the United States and then return home each night to their homes in Mexico.

So as you can see, the immigration system is vitally important to the Yuma agricultural industry. However, the guest worker program is cumbersome and truly doesn't meet the needs of the industry.

Yuma lost 10,000 potential acres of fresh produce to Guanajuato, Mexico, and also lost $2 billion worth of opportunity in building agricultural infrastructure to support that industry. And that is because of a lack of consistent and sustainable skilled labor work sources.

On the medical front, Yuma is designated a health professionals shortage area. So our hospital reaches out and utilizes the H–1B visa program, the J–1 visa program, and the T–1 visa program in order to fill an average of five doctor slots every year for our community.

However, the most pressing situation that we have at this time is the release of migrant families in Yuma by the U.S. Border Patrol. When the crisis began in March, I brought together all the nonprofits to see how we could set up a temporary 200-bed shelter system in order to address the humanitarian concerns of the migrant families being released and also address the public safety concerns with the community.

On April 16, the capacity of that shelter was exceeded, and I had to declare a local emergency. A few days later, we had over 300 people in the shelter, and we had to close the door to new migrant families. That has happened three more times since that first event.

To date, we have had 5,146 people come through that shelter system in three months. This is completely unsustainable.

In those three months, the NGOs have spent $700,000, have provided 93,000 pounds of food and clothing, and have contributed thousands of hours of volunteer time. The hospital has seen 1,300 migrant patients since the beginning of the year at a cost of over

$800,000, and only one-third of that cost is reimbursed by the government.

Our trade and port operations have been compromised. The reallocation of 37 temporary duty customs agents has reduced the San Luis Port of Entry from eight lanes to five lanes, which has increased border wait times an amazing 46 percent. That is 1.2 million trips through the port that no longer will impact our sales tax and tourism.

Border Patrol closed the checkpoints on the interstates to reallocate personnel at a time when our communities are experiencing a record level of fentanyl and methamphetamine transportation through the communities.

But an unquantifiable impact is the negative perception of the border communities in terms of investment and tourism. The Yuma County Chamber of Commerce reports that since the beginning of the year, they have had a 50 percent reduction in relocation packet requests. Our Greater Yuma Economic Development Corporation reports that 2 multimillion dollar projects that were slated for Yuma were redirected to Mexico due to the perception of port issues and timely movement of workers.

The status of immigration is a critical issue for Yuma, and the humanitarian issues are real. The community needs effective immigration policies for trade and commerce. However, the drain of resources and the strain on the community needs to stop.

Thank you for your time and your attention, and on behalf of the people of Yuma, I invite the members to come visit Yuma and experience the border firsthand. Thank you.

[The prepared statement of Douglas J. Nicholls follows:]

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HOUSE COMMITTEE ON THE BUDGET
Hearing: Building a More Dynamic Economy – The Benefits of Immigration

Douglas J. Nicholls
Mayor
City of Yuma, Arizona

Date: June 26th, 2019

Dear Chairman John Yarmuth, Ranking Member Steve Womack and the members of the House Budget Committee:

Thank you for the opportunity today to testify before you concerning immigration and the interconnected economic elements that Yuma experiences everyday as an international border community.

I am Douglas Nicholls, the 27th Mayor of the City of Yuma, Arizona. Yuma is on the Colorado River and located along the southern US border with Mexico and adjacent to California. We are the third largest metropolitan area in the State of Arizona, and the City of Yuma has a population of approximately 100,000 people year-round. We have 3 ports of entry with Mexico near the City with 17 million people and $2 billion of trade crossing through the ports last year. Yuma is the home of the US Border Patrol's Yuma Sector Station. I am the Chairman of 4FrontED, a regional binational association recently formed by the local communities to promote economic development on all communities within the megaregion.

Yuma County has a GDP of approximately $5 billion. Our lead industry is agriculture at $3.5 billion dollars annually. The crops we produce feed the world – Durham Wheat exported to Italy for pasta, dates exported to Australia and the Middle East, and citrus to the Pacific Rim countries. During the winter, the Yuma area produces 70% of the leafy greens consumed by the entire United States and Canada. The industry leads the world

on efficient consumption of water while increasing yields of crops to record-breaking levels. The Yuma agricultural industry employs about 50,000 people from harvesting to research, and processing to food safety.

Our other major industries center on the military and tourism. Yuma is home to two military installations: US Marine Corps Air Station – Yuma, which has more take-offs and landings than any other Marine airfield in the world and US Army's Yuma Proving Ground, which tests nearly every piece of military hardware given to our warfighters to ensure they have the best equipment. Our tourism industry boasts about 100,000 winter visitors every year as well as attractions such as the Colorado River, safe Mexico tourism and historical enthusiasts vacationing with our wild-west roots.

Yuma's relationship with Mexico is not just about a location on a map. The cultures, society and economies of the border communities on both sides of the border are inextricably tied together. The people of Yuma demographically are connected to Mexico. Approximately 60% of Yumans are Hispanic, most with direct ties to Mexico as their families have immigrated into the United States within the last two to three generations. Yuma is a community well connected to all aspects of immigration.

Immigration plays a major role in our largest industry of agriculture. During the winter harvest season, 15,000 legal workers cross through the neighboring San Luis Port of Entry every morning and return to Mexico every evening. They are added to the 3,800 H-2A visa workers that compliment the domestic workforce to create the 50,000 workforce positions needed to drive the winter harvest operations. As a border community, we are able to support the workforce demands due to our proximity and the legal crossing capabilities of the workers from Mexico. The same agricultural industry in other locations around the United States not along the border currently struggle to provide sufficient labor for the labor-intensive tasks needed for large operations.

Even with this advantage, the Yuma area suffers from an inadequate guest-worker program. Given the absence of a modern federal immigration policy that allows for an efficient guest-worker program to fill jobs where domestic American workers are not available, the Yuma area has lost tens of thousands of acres of potential winter fresh vegetable production to places like Guanajuato, Mexico. Beyond the acreage lost, approximately $2 billion dollars of economic opportunity in processing facilities, cooling facilities and logistic operations has been lost for Yuma because of the lack of consistent, sustainable skilled labor in farming and food handlers that a modern guest-worker program can provide.

In order to provide for a domestic industry that will ensure an adequate food supply for the nation, Congress needs to enact immigration law reform.

Yuma is a designated as a Health Professional Shortage Area (HPSA). Staffing for trained and qualified medical personnel is highly competitive around the United States, and Yuma has an extraordinary shortage. The Yuma Regional Medical Center is the major hospital for the Yuma area. To help fill these roles, YRMC actively brings in talent from other countries for medical professionals. Utilizing H-1B visas, J-1 visas and TN visas, the pool of potential candidates increases to help fill the medical professional demands. For the last three years, YRMC succeeded in recruiting an average of five new physicians to the community each year in a variety of specialities.

Of recent, there has been some difficulty in utilizing the H-1B visas due to the increased administration efforts and process delays, increasing costs and inhibiting staffing level attainment. This issue is also centered on the inadequacy of the current guest-worker program, which needs to be reformed. The passage of the United States-Mexico-Canada Agreement (USMCA) would ensure the continuation of utilizing the TN visa program for the existing visa holders and future holders from Mexico and Canada. The uncertain future of the adoption of the USMCA puts those positions at risk and potentially increases the chance of not meeting medical professional demands.

The recent element of immigration is the current migrant family crisis. In March, the US Border Patrol Yuma Station in Yuma was experiencing increased levels of migrant families from Central America. The resources these families need while in the Department of Homeland Security custody was exceeding the DHS capabilities for the region. The procedure at the time was to transport all migrants in detention to the Immigration and Customs Enforcement office in the Phoenix area for processing and eventual release, if needed. That procedure was overwhelmed with the levels of apprehensions being experienced in March. I was notified by the USBP Sector Chief that the processing for those families that could not be accommodated in the Phoenix ICE facility would be processed at the USBP Yuma Station and released into Yuma.

At that point, I brought together the local nonprofit NGOs to prepare for releases of migrant families into our community in a program we call the Yuma Humanitarian Project. A temporary shelter with a capacity of 200 beds was established. Food and clothing sources were sought, and staff prepared to organize the connection of the migrant families to their host families in other locations in the United States. On March 26th, the first set of migrant families we released to the Yuma shelter by USBP.

As we helped to facilitate the transportation of these migrants, the transportation options, in particular the bus options, were becoming competitive as other border cities competed for the same cross country seats. This slowed down the departure of the families, causing a backlog in the shelter. On April 16th, the shelter reached its operational capacity of 200 people and I proclaimed a local emergency. The numbers at the shelter continued to climb as we attempted to accommodate as many as possible. When the census of the shelter crested 300, topping at 330, we closed the shelter to new migrant families. USBP released the new migrant families in the neighboring City of San Luis without shelter facilities in place. The families eventually relocated to Yuma for the transportation options in the Yuma area. Three days later, the Yuma shelter was reopened to new migrant families. Since that time, the shelter has had to close two more times as numbers again crested 300 (see attached charts). The Yuma Humanitarian Project has assisted over 5000 migrants to reach their host families in the last three months.

The current Yuma Humanitarian Project is wholly unsustainable. The NGOs have expended over $700,000 within the last three months. 93,000 pounds of food and clothing have been donated. Thousands of hours of volunteer time have been spent. In performing this effort, the NGOs have sought other sources of donations both locally and nationally to reduce impact on the regular services they routinely provide to the Yuma community. The impact still occurs in particular as staff's attention and time is diverted to supporting the migrant family effort.

There have been other costs linked to the migrant releases in the Yuma area. The Yuma Regional Medical Center treats medical conditions from any of the migrant population in USBP custody. Since the beginning of the year, nearly 1300 migrant patients have been treated at YRMC, representing a cost of $810,430 to the hospital. Only one-third of that cost is reimbursed to YRMC by the Federal government. The $546,000 difference is typically worked into the overall costs of the hospital and potentially distributed to other patients.

During the recent increase of migrants crossing the border, DHS reallocated resources to address the staffing needs of USBP. Customs and Border Protection at the San Luis Port of Entry currently has 37 TDY positions reassigned to assist the USBP mission. This has caused operational issues at the San Luis Port of Entry. Eight vehicle lanes were reduced to five lanes, causing a 46% increase in wait times to cross the border. 1.2 million people did not cross the border, impacting local economies. This impacts the cities in the Yuma area as there are sales tax implications, reduction in quality of life for workers who cross daily and is a discouragement to tourism.

The stretching of personnel at CBP and USBP has had other consequences on the Yuma community. The Border Patrol checkpoints along the interstate system have been closed to focus the agents on handling the migrants' processing and humanitarian needs. At the same time, with reduced staff, CBP has a record level of seizures in methamphetamines and fentanyl at the port of entry. This begs the question, with the reduced staffing, what level of drug traffic is not seized and progressing through to our communities.

All the negative elements of immigration in particular surrounding the current migrant crisis are building to cause a negative perception of border communities for investment and tourism. Since the beginning of the year, the Yuma County Chamber of Commerce reports a reduction in requests for relocation packets of over 50%. The Greater Yuma Economic Development Corporation reports two-multimillion projects that chose to locate across the border over concerns of timely and reliably crossing labor through the port of entry.

The status of immigration is a critical issue for the Yuma area, and the humanitarian issues are real. The community needs effective immigration policies to facilitate trade and commerce, however the drain of current resources and strain on the community causes a real loss to the community. There are no easy and quick solutions to the full immigration situation. There are several proposed actions that could provide relief in the short term and some solutions in the long term.

The first suggestion is that the family migrant sheltering process be transferred to DHS Federal Emergency Management Agency. FEMA's sheltering capability and resources in the humanitarian crisis would be effective in alleviating the burden on border communities.

In the current situation and release program, smaller communities have a difficult time providing the needed volume of NGO resources for the humanitarian demands. It has created an unsustainable situation. The 5000 migrants released in the Yuma community of 100,000 residents are equivalent to 200,000 migrants being released in the Phoenix-metro area with a population of 4 million residents. The Phoenix area has not received this level of releases. This could be quickly resolved by preventing the release of migrants into any community less than 1 million residents and fund the transportation of migrants to communities over 1 million people that can absorb the number of releases.

The lack of access to the asylum process is dramatically increasing the number of releases into communities. Evaluating asylum claims before releasing migrants would divert those without valid credible fear claims from being released into communities,

while providing quicker official asylum status for those migrants with valid asylum protection needs. This can be achieved through assigning the authority to evaluate credible fear claims to senior Border Patrol and ICE agents, so that credible fear claims can be determined within days of the claim being made.

Additionally, providing more access to the immigration judicial process would also help protect those in danger and repatriate those not eligible for asylum status. This can be accomplished either by temporary assignment of immigration judges to the border communities, or establishing a video-conference capability to remotely hear the cases. This would allow judges to stay in their home courts and allocate portions of their dockets to video proceedings.

The long-term solutions all center on Congressional action to reform our nation's immigration policy. The guest worker program requires rework to ensure it is addressing the needs of the various industries while maintaining protections for the American workers. The asylum process needs to be effective and fair, providing clear guidelines without loopholes to provide the protection of vulnerable peoples when needed, but not be abused by non-threatened individuals. Adequate funding and staffing to meet the actual demands of protecting the nation, and is essential to the execution of any plan to address immigration issues. Our nation has a legacy of strong immigration policies to provide for opportunity to all Americans, immigrant or otherwise, coupled with national security through fair and clear laws.

Thank you for your time and attention. On behalf of the people of Yuma, I invite each of you to visit the Yuma area and experience the border dynamics in our region first hand.

Chairman YARMUTH. Thank you, Mayor Nicholls.

Thanks once again for all of your testimony. We will now begin our question-and-answer session.

As a reminder, members can submit written questions to be answered later in writing. Those questions and the answers of the witnesses will be made part of the formal hearing record. Any member who wants to submit a question for the record may do so within seven days.

As is our habit, the Ranking Member and I are going to defer our questions until last. So I now recognize, as a matter of courtesy, the gentlelady from Minnesota, Ms. Omar, for five minutes.

Ms. OMAR. Thank you, Chairman Yarmuth.

Thank you to all of you for testifying. [Speaking foreign language.] It is really wonderful to see you here. Thank you so much for accepting our invitation to come and testify and tell us about the wonderful successes immigrants are having in Minnesota.

I am a little disappointed you didn't bring us Afro Deli tea and sambusas. I was showing pictures to my colleagues of your restaurant and what it offers. It is one of my favorite places to spend time in.

So I wanted to talk about the economic impact of immigrants. There was a project called Map the Impact from New American Economy, which is a bipartisan research, that showed how immigrants are having an economic growth—driving economic growth in every region of the country.

Particularly in our district, immigrants have paid $760 million in taxes last year. We contributed $2 billion in spending power. Again, this isn't just in Minnesota's Fifth District. It's statewide. Immigrants paid more than $4 billion in taxes and contributed $11.5 billion in spending power.

In Minnesota, there are more than 22,000 immigrant-owned businesses that employ more than 35,000 people. One of those entrepreneurs and people who are having successes is you.

When we think about the kind of saying that was used, you know, we get going, you became an entrepreneur just a few years after entering the United States and have been quite successful. You have been featured in the New American Economy. There was a profile of you last August, which I would love to enter into record.

Chairman YARMUTH. Without objection.

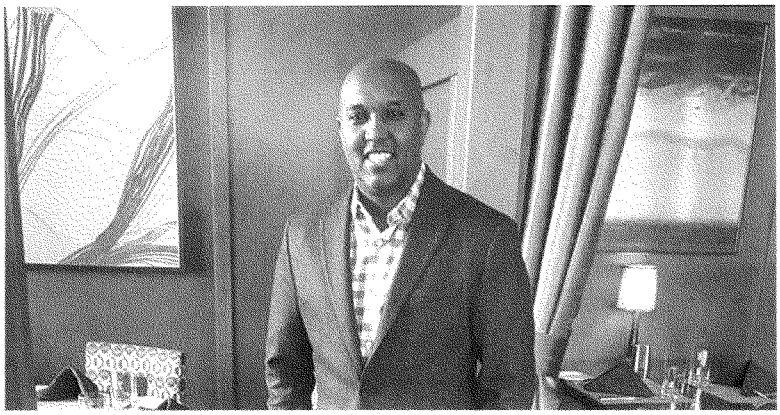
[The information follows:]

New American Economy

Naturalized Citizen from Somalia Employs 50 in Minneapolis Restaurants

Date: August 29, 2018

Abdirahman Kahin came to the United States in 1996 seeking asylum from Somalia. Today, he is a successful entrepreneur and the owner of Afro Deli, a fast-casual restaurant that serves a fusion of African, Mediterranean, and American food, with two locations in Minneapolis. He also co-owns Campus Cafe, a Turkish restaurant.



Kahin, who is now a U.S. citizen, says he has been welcomed by his local community in Minneapolis. In fact, Minneapolis ranks number five in New American Economy's Cities Index, which rates the American cities most welcoming to immigrants. Minneapolis particularly stands out in the category of Economic Empowerment.

> City officials here are more supportive of small businesses than a lot of cities. Therefore, all the skilled people come to Minneapolis. That's a huge advantage."

"City officials here are more supportive of small businesses than a lot of cities," says Kahin. "Therefore, all the skilled people come to Minneapolis. That's a huge advantage." Kahin notes that entrepreneurs, including immigrants, can access technical assistance, low interest loans, classes on financial literacy and programs that help them set up new businesses. Immigrants also have access to vocational training. "The city has translation programs, brochures in your language and people you can talk to on the phone," Kahin says.

Minneapolis also fosters a culture of established entrepreneurs mentoring newcomers, which Kahin says creates a positive cycle of economic empowerment. "When I started, I met others who had started their own businesses and they guided me through the process," he says. "I do the same thing now. I guide young entrepreneurs to where they can get resources."

All of this has allowed Kahin to employ 50 people between his three restaurants, about half of whom are American-born. He joins a growing class of immigrant entrepreneurs in Minnesota's 5th Congressional District, which is home to 2,253 immigrant business owners, according to New American Economy.

Kahin has found local residents to be similarly welcoming. "My restaurant's customers are mainstream," he says."People consider Afro Deli a local restaurant." He adds that Minneapolis residents are also curious about trying new flavors. "America is all about ethnic food," he says. "Immigrants like myself are just the newcomers today."

Kahin hopes Minneapolis will continue embracing immigrants, because attracting a diversity of cultures and skills gives the city an edge. "Immigrants come to the States with a lot of values, experience, assets, and ways to help the country compete globally," he says. In this city and nationwide, he says, "we cannot lose our competitive advantage."

Issue: Entrepreneurship · Refugees

Ms. OMAR. You talked about the kind of opportunities that were afforded to you in Minnesota and how the Minneapolis community has contributed to your success. Could you talk a little bit about some of the policies that we have in Minneapolis that have impacted your success as an entrepreneur?

Mr. KAHIN. I think the most successful impact that we have in Minnesota is because the people of Minnesota are very warm people and very welcoming people. And especially the economic development from locals in the state and county level is very encouraging people to do business. And because of that, I think I maneuver the system, and I encourage most of my family and friends to start business, because I think that is the easiest place to start a business, I think, across the country.

Ms. OMAR. I mean, we say in Minnesota, it is a cold place, but the people have warm hearts.

Mr. KAHIN. Exactly.

Ms. OMAR. And that certainly has an emotional impact on all of us and allows us to have the kind of successes we have had.

Mr. KAHIN. That is right.

Ms. OMAR. So thank you so much for creating employment opportunities for so many Minnesotans and for being a shining example for what immigrants can do in this country.

Mr. Jawetz, I wanted to talk to you about the kind of impact the Muslim ban has had. Today is the one-year anniversary of the Supreme Court ruling. And so if you can tell us a little bit about the kind of impact—economic impact—the Muslim ban has had on our economy.

Mr. JAWETZ. Yeah. So thank you so much, Congresswoman.

Today is the one-year anniversary since the Supreme Court allowed the third iteration of the Muslim ban, the travel ban, to go into effect. And as you all may know, the case is still under litigation right now.

One of the things the Supreme Court relied upon in their ruling was this waiver process that had been set up by the State Department to grant waivers of people who were subjected to the ban. We now know over a year that about 5 percent of those waivers are being granted.

Consular officers say that they don't actually have authority to grant the waivers. They can just send them to headquarters where they get sent into a black hole.

You have got people who have been waiting now for—a third of the people basically who were in the line, according to a new collection by Georgetown, shows that they have been waiting for two years or more for their visas to be adjudicated.

Marketplace actually did a recent piece looking at small businesses owners who are seeing their businesses stifled as a result of the travel ban and their inability to get workers.

You also, of course, see the impact on families, U.S. citizens, around the country who are being forced to remain separated from their family members.

And one of the really nefarious effects of this, of course, is if you look at the impact on admissions to this country for people from Muslim-majority countries, it has plummeted, more than a 90 percent drop over two fiscal years for people from Muslim-majority

countries, and our refugee program, about a 30 percent drop in the immigrant visa program, and about a 20 percent drop in temporary visitors.

So across the board, we are reshaping what admissions and immigration and visitors to this country will look like.

Ms. OMAR. Thank you. I yield back.

Chairman YARMUTH. The gentlelady's time has expired.

I now recognize the gentleman from Missouri, Mr. Smith, for five minutes.

Mr. SMITH. Thank you, Mr. Chairman.

Mr. Chairman, I would like to submit into the record for Representative Bill Flores, who had to leave for the Energy and Commerce Committee, a letter that he has from the Mayor of El Paso.

Chairman YARMUTH. Without objection.

[The information follows:]

DEE MARGO
MAYOR

June 24, 2019

The Honorable John Yarmuth
Chairman
House Committee on the Budget
402 Cannon House Office Building
Washington, DC 20515

The Honorable Steve Womack
Ranking Member
House Committee on the Budget
2412 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Yarmuth and Ranking Member Womack:

As Mayor of El Paso, Texas, the largest U.S. city on the Mexican Border, I am submitting this written testimony to inform your committee of the unintended consequences of our immigration policies, and to request legislation that will ease the burden on El Paso and other impacted communities.

In recent months, El Paso's steady flow of migrants seeking asylum has exponentially grown. Since January 2019 more than 75,000 migrants have been released into our community. Approximately 7,800 migrants were released in January. That number expanded to 18,804 in April. While it has been widely reported that the U.S. Custom & Border Protection's processing centers are at capacity, there have been few inquiries about how these policies impact local communities, or about the of local humanitarian and safety efforts.

To address the crisis, federal law enforcement agents were reassigned from our bridge crossings in order to process migrants. This caused excessive wait times for northbound traffic to enter El Paso, which had a detrimental effect on commerce and trade. Trucks started to line up around 3.a.m. to ensure they would make it across the border. Those trucks unable to make it through the port waited overnight on the bridge. There was an estimated $483 million in lost April imports when measured year over year.

The excessive lines have also impacted the crossing of personal vehicles. We experienced a 27% decline in April northbound vehicle crossings. El Paso benefits greatly from cross-border spending by Mexican Nationals. Approximately 15% of El Paso's sales tax come from Mexican Nationals shopping throughout our community. At this time, we have been unable to calculate the total impact bridge wait times will have on the local economy.

Additionally, the City of El Paso, in conjunction with the County of El Paso and the Annunciation House, a local non-governmental organization, have coordinated efforts to mitigate costs and the impact of the border humanitarian crisis. Regardless of our united and strategic approach, volunteers are becoming tired and expenses are amassing. Year-to-date, the City of El Paso has expended $229,976 in staff, overtime, supplies and equipment toward the local humanitarian efforts and we are projecting to close out the calendar year with $561,480 in costs.

El Paso, as the largest U.S. city on the Mexican border, is ground zero for the border and humanitarian crisis. On a daily basis we experience the consequences of failing to address our flawed immigration policy and the surge of migrants requesting asylum. For these reasons, I implore Congress to take action to lessen the burden on border communities while upholding our principles of compassion. Thank you for the opportunity to submit this testimony to your committee. Please do not hesitate to reach out to me should you have any questions or request for clarification.

Respectfully,

Dee Margo
Mayor of El Paso, Texas

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Mr. SMITH. Thank you, Mr. Chairman. Thank you for holding this hearing today.

Yesterday CBO released its forecast for our nation's long-term fiscal stability. The numbers are shocking: $80 trillion in new deficits over the next 30 years. Yet we have no plans from the other side on how they would address this crisis.

It is time for them to step up with a budget. It has been 72 days. I keep counting the days, keep addressing the numbers at every one of our Budget Committee hearings, hoping the other side will present a budget.

We are the Budget Committee. We need to present a budget. We are 72 days past due. In order for us to address our priorities, we need to have a budget.

It is clear that we agree that legal immigration can have a positive impact on our economy. I said legal immigration.

We know how good our economy is right now. We have all heard the numbers about job openings. In fact, in April, the number of job openings exceeded the number of unemployed by the largest margin on record, 1.5 million more jobs available in this country than people seeking employment—1.5 million more jobs available than people seeking employment.

We have had 15 months of unemployment under 4 percent—15 straight months—10 straight months of wage growth, 5.8 million new jobs since President Trump was elected.

Those are wonderful numbers. No one can deny the economy is doing very well under this Administration.

In southeast Missouri, we know the positive impact legal immigrants can have on communities and local economies. We have many examples. A specialty doctor in Poplar Bluff, Missouri, who helps the medically underserved. A restaurant owner in Farmington, Missouri, originally from China, who is not only a successful business owner, but an incredible community leader who volunteers and helps out needy students.

In my district we also have Missouri S&T, a leading STEM University. Many foreign students who graduate from S&T go on to great jobs here in America in advanced technology fields. My office has helped many of these students pursue their career goals through obtaining visas.

Where we disagree is on the issue and the impact of illegal immigration. But it wasn't that long ago that Democrats and Republicans seemed to be on the same page. President Clinton deported 800,000 people. President Bush deported 2 million. President Obama deported 2.9 million people. Right now, President Trump actually has a lower deportation rate than President Obama did at the same point in his Administration.

What we need to understand, these deportations of the numbers that I just said are people that went through the courts, the courts ruled that they needed to be deported after having their appropriate hearings, or they are individuals that are criminals. So our system can function in regards to that if we just allow it to work.

I went to the border just a few weeks ago and saw firsthand what the men and women in our Border Patrol face every day. It has been 57 days since President Trump asked for emergency fund-

ing. HHS runs out of money next week. We have 19,000 migrants currently in custody for a system designed to hold 4,000 people.

Securing our border and enforcing our laws is the only way to help solve this problem. The situation will only get worse if we all don't come together.

Mr. Chairman, I see that my time is about to expire before I can even ask a question, so I will yield back.

Chairman YARMUTH. I thank the gentleman. His time has expired.

I just want to mention, in relation to your comments on the budget, as of tomorrow the Democratic House will have appropriated 97 percent of all federal spending. So there will be a very clear picture of what House Democrats' budget priorities and values are at that time.

I now yield five minutes to the gentleman from New York, Mr. Higgins.

Mr. HIGGINS. Thank you, Mr. Chairman.

I think one of the things that we have lost in this country is our national story, because it is an exodus story. For more than 250 years people fled persecution from all over the world. They crossed seas and deserts for the freedom found in the promised land.

This Administration has made policy decisions that deny fundamental rights to migrants and has unjustly separated families for acts that are not criminal violations.

Nearly one-quarter of all new businesses in the United States are started by immigrants. Almost half of the Fortune 500 companies were founded by immigrants to America, creating jobs for Americans. And over half of the patents filed in the United States are filled by immigrants.

Mr. Jawetz, despite the quantifiable economic benefits of immigration, why does this President, but in fairness his predecessors, both Republican and Democrat, adopt an extreme hard line on immigration policy?

Mr. JAWETZ. It is a great question, I think, and it does get to something that the Congressman, Mr. Smith, raised as well.

No one supports illegal immigration. Illegal immigration is a system of a dysfunctional system. It is also a reality. It is a reality in response to what the country's actual realistic needs are. There is a reason why immigrants are not just contributing for those who come through legal channels, but also—and this is very real and the literature is clear on this—also people who are undocumented who came in without status, those who fell out of status, they are still economic contributors to this country in myriad ways.

So the question for me is, do we support legal immigration? Yes. Everyone supports legal immigration. So then we have to take a step back and say, well, how can we build a system that can be based upon legal immigration? How can we get out of the system we have now, which for decades has relied upon this dysfunctional, outside-of-the-law immigration system in which all of us rely upon the labor of unauthorized workers, undocumented workers, either directly or indirectly?

So for me, if we want to think about how to restore respect for the rule of law in our immigration system, that means building a system that lives up to our values as both a nation of immigrants

and a nation of laws and a recognition that we cannot be a nation of laws if we don't have laws that are consistent with our values and ideals as a nation of immigrants.

Mr. HIGGINS. Claiming back my time.

So in a political context, what we are doing then is conflating legal immigration with illegal immigration to create a negative perception of immigration generally. Is that a fair characterization?

Mr. JAWETZ. Yeah, I think over time basically—no one is proud of the system we have right now, basically. And so what we have is, what you have is, as the system becomes increasing dysfunctional over time, because Congress and administrations have been unable to actually fix the system and build a workable system.

Mr. HIGGINS. And that is a failure of Congress——

Mr. JAWETZ. And the Administration.

Mr. HIGGINS.——and the Administration?

Mr. JAWETZ. Yeah. I think all of us, yeah.

Mr. HIGGINS. Moody's Analytics says that doubling the number of legal immigrants that we take in each year from 1 million to 2 million would increase economic growth by 2 percent each year over the next 10 years.

Mr. JAWETZ. Yeah. And I think Moody's also studied what happened in Arizona when Arizona adopted legislation that would try and drive immigrants, undocumented immigrants off the workforce. And what it ultimately did, basically, was decrease the job market, hurt American workers as well, because jobs just left the state. So, I mean, I think that is exactly right.

And one thing, I think, it is a really striking thing, I mentioned this in my oral testimony, but Gallup has since 1965 been polling the question of Americans whether the level of immigration to this country should decrease, increase, or stay the same. And we are now at, basically, nearly 55-year highs in the American public saying that immigration to this country should remain the same or increase.

So we can keep banging our heads against the wall with our broken system and be really angry about the fact that we have 10.5 million undocumented immigrants here, 7 million in our workforce, and you know that number is going to continue to fluctuate around that amount, or we can fix the system and bring people within the legal immigration system so that our system can work as it is designed, rather than through work-arounds and us just turning a blind eye to what is going on.

Mr. HIGGINS. And with that, I will yield back, Mr. Chairman.

Chairman YARMUTH. I thank the gentleman.

I now yield five minutes to the gentleman from Utah, Mr. Stewart.

Mr. STEWART. Thank you, Mr. Chairman.

And to all your witnesses, thank you.

It is often said—always said—we have a crisis at the border. I think that is an enormous understatement, frankly. I don't think we have a crisis at the border; I think we have three crises.

One of them is obviously humanitarian, something that every one of us in this room cares about. One of them is security. And the third one is political, a political crisis here in D.C. in our inabil-

ity to fix this. And I think, frankly, the political crisis may be the more difficult of these to fix.

And some of the rhetoric around this is, honestly, it is just cynical, much of it is dishonest, and some of it is just intellectually lazy. There are many of us who want to fix this. For example, from the very first day I decided to run some seven years or so ago, I have always wanted to fix DACA. I think if we had a DACA bill on the floor, we would have 350 votes for it.

And we ask ourselves, would we rather have a cynical and a political tool and do what is right for these families, for these children, and ultimately for the security of our nation, or would we rather have a tool that used and use it as a bludgeon against some of our political opposition.

I am a father, I am a grandfather. I can't even begin to imagine the concern and the stress of these families and what they must feel and the difficulties of these individuals as they face this journey.

I have been to the border. I have been to the region many times, and we see what is happening to the children and them being used. It is truly heartbreaking.

As a member of the Appropriations Committee, I have voted numerous times to support the children and their parents whenever possible. I am pro-family, and I am also, as we have just said recently, I am pro-legal immigration.

And there is one more realty, and I want to mention this just quickly, and that is human trafficking. It is where I would like to focus my attention. Out of the many elements of this crisis, I really do want to spend some time on this.

We were recently told in an Intel briefing you can purchase a child to be used as a tool to cross a border for $80—$80 you can purchase a child. And some of these—and as young as a few months. Not a toddler, a few-month-old baby. And some of these children have been recycled across the border 40 and 50 times.

And I just think it is our responsibility as a Member of Congress to really, truly do something to fund DHS and HHS, something that we all know here is going to reach a crisis in the next few days if we don't have adequate funding for that.

Mayor, I would like to spend some time with you, if I could, and see your personal experience in the responsibilities you have in the city of Yuma.

Have you seen, have your citizens seen elements of this trafficking of children or other, you know, sex trafficking or other human trafficking?

Mr. NICHOLLS. Thank you, Congressman.

We have seen some evidence of it through the shelter system, where people have had plans to go to their host family with tickets purchased, and then a truck pulls up and they get in the truck and they leave, which is not a usual thing you would do if you are trying to get to a host family. And that is evidence of trafficking.

The struggle on trafficking is it is not something you can just walk into and understand that that is going on at that moment. It takes a lot of research, and ICE right now is overwhelmed in the number of cases that they are researching.

But that does go on. And as far as the recycling of the children, there is quite a bit of work done at the Border Patrol station to try to identify whether the children are associated with the parents, units that they are with. Sometimes by the time they get to the shelter, that still hasn't been determined. So there is always that concern.

As people leave the shelter, we are not sure really where their ultimate situation is when they get to wherever they are going. So very, very few migrants actually stay in the Yuma community. They come through and they move through.

Mr. STEWART. So let me ask you, as a mayor who is responsible for law enforcement in your community, do you have the resources that are necessary to combat trafficking or do you need help from the federal government on that?

Mr. NICHOLLS. We do not. We need help from ICE and the different federal agencies.

Mr. STEWART. I mean that is just obvious, isn't it?

Mr. NICHOLLS. Yes, very obvious.

Mr. STEWART. This is beyond your capability. I hear that again and again and again in local communities, this is beyond the capabilities of our local law enforcement to deal with adequately.

Mr. NICHOLLS. And it reaches outside of jurisdiction because that kind of crime goes across boundaries.

Mr. STEWART. Yeah.

To any other panelists, anything you would like to respond or add to the conversation regarding the tragedy of human trafficking.

Mr. JAWETZ. Sure. Thank you so much, Congressman.

So I have a few things on that. I would say, one, it is important to keep in mind that the legislation that many people have been talking about for the last few years, really since 2014, that people want to make changes to, the so-called asylum loopholes, are embedded in the Trafficking Victims Protection Reauthorization Act.

The proposed changes that many of you have voted for over the last five years would change that law and make it so that children who come without a parent or without a guardian can be turned around immediately, even if they don't comprehend—I mean, this is literally in the bill—if they don't comprehend the consequences to them of accepting a return. They would allow kids who pass that threshold to remain in Border Patrol stations under law for up to a month.

So that is what the legislative change is that we have been driving toward for all this time would look like.

And the last thing I would say, real quickly, is I agree that we should be trying to protect children. That is critically important, and protecting children or victims of trafficking is important, but I also want to think about the child who died just a day or two ago in the Rio Grande whose picture became ubiquitous on social media just last night.

This is a family that tried to come through the port of entry to request asylum and they were told the port was closed, and they looked at the river and the father said it didn't look that bad, and so they decided to try and cross just so they could avail themselves of the right, under our law, to apply for asylum.

Mr. STEWART. Well—and I will conclude, our time is over—but that your point is the asylum and the legislation around that has got to be reformed to dissuade people from taking that type of risk, so——

Mr. JAWETZ. That is not my suggestion, I would say.

Mr. STEWART. Well, you and I may disagree on that, but we understand and agree that it is a real problem and that if we don't do something it is going to continue to be a problem.

Mr. JAWETZ. That I would agree with, yes.

Chairman YARMUTH. The gentleman's time has expired.

I now recognize the gentleman from North Carolina, Mr. Price, for five minutes.

Mr. PRICE. Thank you, Mr. Chairman.

And let me, too, thank all of our panelists for a very useful discussion.

I represent the Research Triangle area of North Carolina, and we are an area that has welcomed immigrants and benefited from the presence of immigrants in all aspects of our workforce, whether we are talking agriculture or construction or hospitality or healthcare or high-tech industry.

We have a large immigrant population, and we are attentive, therefore, to national policy and to the trends that national policy may encourage.

What we see with the Trump Administration is an array of national policies that are hostile and alarming and have spread panic in the immigrant community and beyond: the Muslim ban, the revocation of temporary protective status, the virtual cutting off of the flow of refugees, the betrayal of the DREAMers, indiscriminate deportations, separating families at the border, and on and on and on. There are those explicit policies.

Secondly, there is a widespread perception, justified or not, of bureaucratic slow-walking, not just in the refugees, that is a reality, but also just in the processing of visas and other bureaucratic procedures associated with immigration.

And then there is the question of the optics, and that is what I want to get to, the message this sends, the conclusions that are drawn by people who may be thinking about, let's say, studying in this country or teaching in this country or undertaking entrepreneurial ventures in this country.

That is really my question, and it is focused on higher education, since we are a center of higher education. We have many, many international students, undergraduate, graduate, postdocs. We have talented, trained people who hopefully would stay in this country and lend their talents to our economy. And we have many examples of the kind of entrepreneurship that we have heard described here.

So that is my question, about the trends. What are the relevant policies when we think about the kind of student and postdoc and entrepreneurial talent we want to attract, what can you tell us about the trends in terms of students choosing the U.S.?

I hear a great deal that we are losing students to Canada, Germany. I hear about incredibly difficult times just with visas and with just processing the student and faculty papers and so on.

That is my question, what do the trends look like, and what are the relevant policies?

Dr. KERR. Thank you. I will start to respond to that.

So you are absolutely right that the U.S. depends heavily on high-skilled immigrants, and a lot of these immigrants don't necessarily arrive with high-skilled kind of credentials, they arrive as students. And they arrive under a student visa, which is basically of a fairly unlimited supply, then they have to figure out what they can do after they graduate. And then there is a more limited supply of visas at that point.

And then eventually, given that they are high-skilled, they will probably like to stay and continue working on a work visa. And there is yet another, more limited supply of visas available, the H–1B.

And I think that is a very difficult situation that we are facing. The U.S. is facing also some stiff competition from Canada, Australia, U.K., other immigrant destinations that have great University systems. And I think it will be very helpful to think through kind of how does this process of actually attracting and retaining these high-skilled individuals who are going to pay taxes and contribute to innovation.

Mr. PRICE. Do we actually have data on the trends in this regard?

Dr. KERR. On the trends. So what I have seen, and sort of you can see also some anecdotal evidence out there, is that there is definitely—the increase has stopped. We don't see this ever-increasing supply of high-skilled students entering the United States the same way as we have before. I think we need to wait a little bit longer to see kind of where the trend is turning.

Mr. NICHOLLS. Congressman, what we have seen in Yuma is still a consistent desire to come into the United States from Mexico. I do an extensive amount of engagement in Mexico. We have formed a binational organization called 4FrontED, and one of the things we have done is sign an MOU with the three Arizona State Universities, our local community college. And at first it was just seven Mexican uiversities, it is now 17 Mexican Universities that are interested in doing exchange programs and coordinating curricula and really working together on that.

And in talking to the students and talking to the faculty, there is still very strong anecdotal evidence that the desire to come to the United States, the desire to work in the United States, even after obtaining a degree at a Mexican University, is still very much there. And our economy, as I tried to describe in my remarks, is dependent upon that, from our hospital, to our agricultural industry.

And when I say agriculture industry, it is not just the skilled farm workers, it is the chemists and all the researchers, and those are frequently internationally sourced.

Chairman YARMUTH. Thank you for your response.

The gentleman's time has expired.

I now recognize the gentleman from Texas, Mr. Flores, for five minutes.

Mr. FLORES. Thank you, Mr. Chairman.

I also want to thank Representative Smith for submitting my letter from the Mayor of El Paso for the record. And I will just talk a little bit about what is in that letter.

Since January of 2019, more than 75,000 migrants have been released into El Paso, climbing from 7,800 migrants in January to 18,804 in April.

CBP facilities are at capacity and federal officers are spread way too thin to appropriately handle the processing claims. As a result, delayed processing and wait times on the northbound bridge of the point of entry in El Paso resulted in an estimated $483 million loss of imports for the month of April alone.

Cross-border spending and trade also coming from the border is a boon for the city of El Paso and the region along our border. It is unfortunate that my colleagues on the other side of the aisle are unwilling to adequately fund ICE and CBP to meet the increased levels of migration we are experiencing, leaving open the prospect of dangerous individuals entering our country.

Mayor Nicholls, I would like to begin my questioning with you, if that is all right. And thank you for being here today.

Mr. NICHOLLS. Thank you.

Mr. FLORES. You are giving a firsthand perspective of the crisis and what it is like on the southern border. The statistics that we have seen today are undeniable.

And your city is not alone. As I mentioned, El Paso has experienced the same increased levels of migration, seeing the substantial impacts reverberating through their local economy because of a lack of resources. While legal immigration is important to all of us and to our economy, underfunding the humanitarian crisis on our border will have the opposite effect.

Yuma is home to more than 100,000 people, as you have stated, but it is reported that you have seen more than 24,000 families cross into your city over the past year. The only shelter available is significantly overpopulated. CBP is understaffed and overworked, so when 1,300 migrants were released into Yuma over the course of the last few weeks you had no choice but to call a state of emergency.

My questions are this. Do the numbers you talked about add up to a crisis in your opinion?

Mr. NICHOLLS. Thank you very much, Congressman, for the question.

They very much do. And just to kind of maybe put it in perspective, when you talk about 5,000 people that I mentioned in my comments, maybe not seem like a lot when you live in a large city. But if you translate that to a community of, say, 4 million people, a large city, like the city of Phoenix, the proportionality of that is 200,000 people. That would be 200,000 people coming through a community of 4 million. That is a substantial impact.

And so there is really—it's no—no clear way to describe it, except for exactly that. It is unsustainable to continue to have that kind of flow through our community.

Mr. FLORES. So the analogous impact on Phoenix, as you stated, would be essentially two times the population of Yuma?

Mr. NICHOLLS. Yes.

Mr. FLORES. Is that right?

Mr. NICHOLLS. Yes, that is correct.

Mr. FLORES. Can you expand on some of the positive impacts that come, that your city usually experiences from legal immigration and the benefits of cross-border spending for small businesses and the local economy?

Mr. NICHOLLS. Our economy is definitely based upon that international relationship.

And just to give you maybe a quick anecdotal story. I met a gentleman 30 years ago who emigrated to this country at 18. He started a small business, raised a family, bought a home, sent his kids to college, really the true American Dream. He was engaged, still is, in that $3.5 billion agricultural side of our economy, and he has become a real hero to me in a lot of ways, helped me start my own engineering firm, and he is my father-in-law.

So this is really a very personal, a very real, everyday thing for us. And this is not an unusual story. This is—60 percent of our community is Hispanic. So this story occurs all the time. And so it is very, very well-connected. And we spend a lot of time promoting the region, not just the city of Yuma, but the region, because we understand that the economies throughout the region benefit everybody.

Mr. FLORES. We see the same thing in Texas also. And for several years Congress has attempted but failed to address our broken immigration system. This starts with securing the border. Securing the border requires an all-the-above approach, which includes barriers, technology, smart infrastructure, and also people.

What immediate resources are needed from a federal perspective, from the federal government, so that we can start getting a handle on this crisis, the security part of the crisis?

Mr. NICHOLLS. From the security part of the crisis, it is all based upon having the resources complementing with the law. So we have talked about a lot of the law changes, but really until we get a full complement of agents to enforce the law, the law isn't enforceable, which is a lot of the problems right now in the process.

Also, access to judicial process. So instead of waiting six months to two to three years, being able to get asylum claims processed. And when people have an asylum claim they can get that protection right away instead of waiting, would also help with this whole process.

I think there is the ability to not—or the condition to not release in communities smaller than a million people would also help that pressure that is created and would move the federal burden from just a local community to the greater country.

Chairman YARMUTH. The gentleman's time has expired. Sorry.

I now recognize another gentleman from Texas, Mr. Doggett, for five minutes.

Mr. DOGGETT. Thank you, Mr. Chairman.

And thanks to all of our witnesses. We have a markup of legislation concerning Medicare going on at the same time next building over, but I have had a chance to review your written testimony and appreciate it and your appearance here today.

It seems to me that the Trump Administration's immigration philosophy is sick in both heart and mind. His campaign of stoking

fear and prejudice ignores reality, a reality you have described this morning, and it lashes out against the most vulnerable.

He relies upon authoritarian tactics to twist our laws and to inflict cruelty. He has lashed out by stripping protections for DREAMers, undermining the legal status of high-tech visa and green card holders, and inflicting cruelty on asylum-seeking children on our border. We are all the worse off for these policies.

Let's talk about this failure of the Congress to address immigration, because it is correct that there has been a complete failure of the Congress to address immigration, but it didn't begin this year. Indeed tomorrow, to be exact to the day, June 27, 2013, six years ago, the United States Senate passed by an overwhelming bipartisan majority comprehensive immigration reform.

Only but for the obstruction of Republicans has that legislation been blocked. You will recall that Speaker Boehner first, after making many promises to the contrary, refused to let the House vote on that comprehensive immigration reform. And after him, Speaker Ryan did exactly the same thing.

Our immigration system could and should have been repaired long ago, but Republicans have stood in the way to prevent any comprehensive immigration reform.

Unfortunately, we now have a President who likes railing about immigration far more than doing anything about it, who relies on an imagined crisis that he created himself, and people can see through that, no matter the cost of human life, as we see at the border today.

This is a President who, when presented with a bipartisan consensus bill option sitting there with him in the White House exclaimed that he wanted more immigrants from Norway and referred to Central African and Central American countries with an expletive that I will not repeat this morning, but is well known and reflects his heart, which goes to the very core of bigotry around this policy.

So what we are tasked with today is laying out a framework of what a President with the slightest sense of human decency and humanity might be able to do the year after next. And your testimony is important in doing that.

Meanwhile, this year, the House has already recognized that our DREAMers, who have cleared a criminal background check, are contributing in our country, they should not have to rely only on court decisions, which the Trump Administration is trying to undermine in order to be assured for them and for their employers and their schools that they are able to continue here.

Unfortunately, the situation again, when we talk about the failure of Congress, yes, there is a failure of Congress, there is a failure of now the Majority Leader in the Senate doing exactly the same thing that House Speakers under Republican control did in the past, refusing to even let the Senate consider protection for our DREAMers, the easiest and most direct piece of immigration legislation that we might approve.

And then there is the claim of the President recently that his solution to the immigration problems that we face is to deport a million people from this country.

Fortunately, the President, because we have now an acting Homeland Security Secretary, a vacancy for the head of Customs and Border Protection, an acting head for Citizenship and Immigration Services, has given us an immigration policy with many tweaks, but with no leadership, with a lack of organization, and with general incompetence. And so many of our immigrants and the businesses and industries that depend upon them are protected in some cases by our courts and in other cases by just the incompetence of this Administration in carrying out its policies.

All objective economists who have looked at this recognize that giving our DREAMers legal status that stop tearing families apart and let those who have been here legally in our country contribute to our economy will aid us greatly.

The irony in Texas is so great. We face worker shortages right now, particularly in construction, in agriculture, in the service industries. Those are the industries that will be hurt the most if this heartless policy of deporting and separating families is allowed to develop.

I have confidence in the lack of leadership of this Administration, in its total incompetence, that that will not occur. But I appreciate your testimony about what a brighter day in America might hold, not only for immigrants, but for all of our country, and that the Statue of Liberty was calling out not just to Norway, but to all the world. And I yield back.

Chairman YARMUTH. The gentleman's time has expired.

And now I yield five minutes to another gentleman from Texas, Mr. Crenshaw.

Mr. CRENSHAW. Thank you, Mr. Chairman. Thank you for holding this hearing. I appreciate that we are talking about the immigration issue. And I wish we had been able to talk about the supplemental bill in this Committee as well, and in the other Committee that I am a part of, which is Homeland Security. But unfortunately, we hardly ever talk about immigration, so I appreciate that we are doing it here.

But we have to be clear about something when we are talking about the costs and benefits of immigration, and it is this: we cannot conflate illegal and legal immigration. That is often the case. Every time we point out the issues with illegal immigration and the abuse of our asylum laws, well, the response is always, Well, immigrants are good. Yes, done. Absolutely. Immigrants are good. We like immigrants.

And if we want to have a really reasonable conversation about increasing quotas for legal immigration and more streamlined work visas, all of that would be great. That is not something we are opposed to. Legal immigration is good. Period.

Illegal immigration is bad. Period. We should be seeking to diminish one almost in its entirety as much as possible, and we should be seeking to streamline the other, meaning the legal immigration. Illegal immigration is infringement on our sovereignty. It is an abuse of our rule of law, and you have to be deliberately naive right now to believe that what is going on at the border is just typical rule of law, that 144,000 people apprehended last month is not an abuse of our asylum system. Of course it is. Of course it is. The word has gotten out how easy it is, as long as you

bring a child with you, to cross our border. And then you will be caught and released inside the homeland.

This is not fair to our citizens and their sense of sovereignty. This is not fair to our rule of law. This is not fair to the basic notions of personal property rights that our country was founded on. This is not fair to legal immigrants waiting in line to do it the right way. This is not fair to these children who were trafficked. This is not fair to them. This is not moral. This is not sustainable. To use the words of the Mayor, that is a word we have to use more often, sustainability. We cannot sustain blatant abuse of our rule of law.

Let's talk about the costs, too. Yesterday, when we passed a supplemental bill, over $4 billion, that is a direct cost of illegal immigration. Direct cost, right there. Over $4 billion. In Texas, we have to deploy 1,000 National Guardsmen down to the border. That is not free. It costs something.

Communities are stretching their resources to absorb illegal immigrants. The Mayor is talking about this. That has a cost. We can slice and dice the numbers however we want, but the fact is that illegal immigration disproportionally impacts communities that are already struggling. It just does.

Just last week, we had a hearing about stretching scarce federal resources to impoverished communities. Talking about Americans. Another good hearing to have. But last week also, Ways and Means, Democrats voted for an amendment that will allow illegal immigrants to claim an additional $6,000 in refundable tax credits. I don't understand this. We have American citizens, we have legal refugees, we have green card holders in poverty, but we are extending generous tax benefits to illegal immigrants.

In Texas, we spend over $50 billion on education. We also have 158,000 illegal immigrant children in Texas. This costs $3.5 billion. There are real costs here. And to put this into perspective, a local school district which already has to finance the education of their own children, now has to raise taxes on their own community to pay for the education of people who came here illegally. I don't understand how this is possibly fair or, more importantly, sustainable.

Mr. Mayor, can you tell us the impact of illegal immigration on being able to provide an education for local children in your city?

Mr. NICHOLLS. Well, I don't really have the statistics with me on the immigration——

Mr. CRENSHAW. Generalities.

Mr. NICHOLLS. Right. But there is definitely a big burden when it comes to young families that come across, and that is what we are seeing through the Yuma area, is young families. Most of these families do move on to their host communities, and so they don't stay. But being close to the border, it is one of those things that we currently have a growing educational system, which is important, but the impact of illegal immigration is a little bit tougher, because most migrants don't stay in Yuma.

Mr. CRENSHAW. Okay.

Mr. NICHOLLS. They do move on to the interior.

Mr. CRENSHAW. Go on through. What about emergency room use? I will tell you what, we have low-income hospital in Houston, LBJ Hospital. I have toured it. It is for low-income Americans who

don't have insurance. A quarter of their costs go to illegal immigrants. Do you see anything similar in Yuma?

Mr. NICHOLLS. We do. In our hospitals, just this year alone, has saw 1,300 patients from the illegal immigrant process, whether it is through the Border Patrol or through ICE. And that has netted over a half a million dollar cost to the hospital, because those costs aren't 100 percent recoverable. And being a community-type hospital, they have to pass that on somewhere. And so it gets passed on, and we do have a higher cost of healthcare in Yuma, and that is one of the elements that causes that.

Chairman YARMUTH. The gentleman's time has expired.

I now yield five minutes to the gentlelady from California, Ms. Lee.

Ms. LEE. Thank you very much. Let me thank yourself and the Ranking Member for putting together this very important hearing. First of all, let me just say, that I was born and raised in an immigrant community, El Paso, Texas, and I know from personal experiences the contribution that immigrants make to our diverse and economically prosperous and frankly making America a better place. Our communities—our immigrant communities, because every person, quite frankly, in this nation is or was an immigrant.

Now, as a mother, I have been horrified and outraged by the actions taken by the Trump Administration to deliberately separate families in our country, to cage families at the border, and to really look—to really see this really overall inhumane immigration policy and policies. Like any immigrant mother, I love my children, and cannot imagine having been separated from them when they were children.

Now, when I was down at the border—and I go to El Paso periodically—and I was in Brownsville and McAllen last year, and I saw the prison-like conditions that these children were kept in. There were kids sleeping on concrete floors, with only thin, emergency blankets—I think they are called mylar blankets—to keep them warm. No family should have to endure this.

In my own district, the 13th District of California, Northern California, Oakland, Berkeley, California, we have heart-wrenching separation stories for the last two years. So I hope that this hearing is yet another wake-up call to all of us, because we owe it to our families, to the Constitution in our country, to fix our broken immigration system without delay. Now, I guess let me direct this question to anyone who would be able to answer it. Maybe Mr. Kerr?

Mr. NICHOLLS. Nicholls.

Ms. LEE. Yeah. You know, President Trump renewed his pledge to deport millions of—he called—his language is illegal aliens. They are undocumented men, women, and children, in my opinion. But he decided that he was going to do this. And these policies, quite frankly, are inhumane and threaten the fundamental rights of millions. Now, in terms of the economics, though, something the President likes to say that he understands, what do you—how do you see this move toward deporting millions of undocumented immigrants, and can you see what contributions they could make to our economy or not?

Mr. NICHOLLS. Thank you, Congresswoman, for the question. There is definitely—as we talked about immigration, there is definitely a lot of positives that people can bring. However, being in an undocumented-type status makes that very difficult because of a lot of the different situations that you end up in. For instance, the 50,000 people that we—that are used in the agricultural industry for the harvesting, all the way through the research and development, a very, very high percentage are all legal, working individuals. They have either their American residence, citizens, or have a guest worker program that they are in through.

Ms. LEE. Well, let me ask Mr. Jawetz a question. You know, coming from California, it is an agricultural state. I was with Congressman TJ Cox in the Central Valley and meeting with farmers and workers. And it is my understanding that they are very limited now, agricultural workers, and the impact on our economy, of course, will be sooner or later the increased cost in produce and in food. And the argument always is that, you know, I know this Administration tries to pit black workers against immigrant workers, that, you know, the availability of workers exists in the African American community. Can you talk about that a little bit in terms of ag industry and ag workers and how that dichotomy and that pitting against immigrant workers and black workers plays out, in your perspective, in terms of the jobs?

Mr. JAWETZ. Sure. So I will say a few things on that, and one is, different crops in different parts of the country rely in different ways on the visa programs that may be available, like the H–2A programs for agricultural workers. And so it may be the case from that in Yuma, they have greater success with H–2A and with cross-border crossers for work. In a lot of other places—California is a great example—there is a very, very heavy reliance on undocumented workers, many of whom have been in the workforce for a decade, two decades, rather. They are skilled workers who have sort of managerial responsibilities.

And if you look actually at what the California Farm Bureau and the American Farm—I mean, all these folks basically when they look at the need for immigrant workers in their businesses, you know, that is really the reason why over the years, Congress—one of the major reasons—even when Republicans controlled the House, they couldn't put a mandatory nationwide E-Verify bill on the floor because growers came out and said very, very clearly, you are going to kill our industry. And if you are going to kill our industry, the consequences are going to be greater food imports from Mexico and elsewhere. It is going to be losing jobs in trucking, in grocery lines and packing, that are often held by American workers. And so, you know, it would be greatly disruptive to the entire food economy.

Ms. LEE. But in the availability of the workforce in America, you know, oftentimes, again, this Administration says that they can't, you know, that immigrant workers are taking away jobs from other workers.

Mr. JAWETZ. We had a natural experiment with that in Alabama and Georgia when they passed legislation to try and drive immigrants out of their states, essentially, and what you found was growers saying repeatedly, farmers, I cannot find workers when I

go and try and recruit workers to come work for me. Now, I am getting people who, you know, very, very few are actually taking these jobs, and those who do can last a day, maybe, in the fields.

Now, we need to work on improving wages. We need to work on improving conditions. That is the reason why the United Farm Workers—and they are a part of any real negotiation over the years, for how we can fix our immigration system and provide a steady and humane and responsible flow for agricultural workers who are in the fields doing this work. But the response can't just be to plug our ears and pretend that there aren't undocumented workers who are doing this work.

And one thing really quickly is to finish on something that——

Chairman YARMUTH. The gentleman needs to conclude.

Mr. JAWETZ. Oh, I am sorry. On Yuma, I will just say, you know, in terms of data that came up earlier, you know, there are about 2,500 people in the county, in Yuma County, who would be eligible for relief under H.R. 6. The number of kids and TPS, DED holders who would benefit from that bill, they live with about the same number, about 2,500 U.S. citizens, or households. They pay millions of dollars in federal, state, and local taxes in the county. They hold tens of millions of dollars in spending power annually. So even in the county where there are great positive contributions of legal immigrants the way you described, there is a thriving and significant population of undocumented immigrants who are contributing to that community, and I am sure that you know them, and I am sure the folks in your city know them as well.

Chairman YARMUTH. The gentlelady's time has expired.

I now recognize the gentleman from Oklahoma, Mr. Hern, for five minutes.

Mr. HERN. Mr. Chairman, thank you so much. I am glad we are having this conversation today. It is interesting, as my colleague from Texas said, next to me here, that we have devolved this whole conversation into an illegal conversation. There is not a person in this room who doesn't think we need more legal immigration. In fact, we have a lot of legal immigration every year, about 757,000 people that were naturalized last year; 716,000 the year before that. So that process is working for those who want to do it the right way. It has averaged that for decades now, 600,000-plus. Is it enough? Probably not for the robust economy that we have. We could fill jobs a lot if we could get more folks here.

We heard the great conversation here from our restaurateur in the restaurant business for a long time. It is tough work. I applaud you.

You know, what we are looking at here, though, is an immigration system, and I think we all agree, every one of us agree, if we could take the cameras out, take all the recording out, we probably could find a solution in about 30 minutes. We could all go and we could vote quietly, we would have an immigration policy.

As a person that has only been in Congress about seven months, it is amazing to me that we can't fix something as simple as the problem we have right now. I have seen it for years. It has been very frustrating.

We should—you know, we have talked about the various level of folks that are allowed to come in this country. People are still

wanting to come to this country. They still see us as the greatest nation in the world, the freest. And yet, we argue that it is not free and that it is a bad place to live. And, you know, folks that have come here, disagree with us, disagree with the politicians. You must be, if you are, you know, sir, if you are on the immigration policy team and you have been doing this for a long time or friends across the aisle, you have got to be extraordinarily saddened by the fact that the previous Administration, when they had, as part of their campaign to fix immigration issue, had the first two years of their Administration, a super majority in the Senate, filibuster-proof, you had the House, that no immigration policy was taken up.

So while we are sitting here degrading and demeaning the current Administration, I think there is plenty of political opportunities have been there for every administration.

You know, we also talk about what has happened in the illegal immigration. Since we are going to go there, we have had over—year to date, we will have about 750,000 apprehensions in this country which is about the size of our congressional districts. So if you want to put it in perspective, the impact of that, in a half a year, we are going to apprehend a congressional district. In a whole year period, two congressional districts of folks coming here illegally, seeking to come to a country that is the greatest in the world. You know, based on the National Academies of Science, Engineering, and Medicine data, illegal border crossers create an average fiscal burden of approximately $75,000 during their lifetime, and excluding any costs for the U.S.-born children. In order to pay for the President's previous $5 billion border security request, we would only have to prevent about 60,000 crossings, less than 3 percent of expected legal crossers in the next decade, to warrant that cost.

I have been there. Three weeks ago, I was in McAllen, probably the worst of the worst places on the border right now. It is a travesty what is going on. We need to fund the opportunity for these children. You know, we could go into, and I could digress and talk about what my colleagues have talked about, of why we have so many children here, unaccompanied children, people that are coming in the way they are coming in. It's terrible. There is no question about it. There is not a soul in this room—I am a father of three, a grandfather of one. If anybody believes that it is okay—but the reality is, we do have a rule of law, so—and so and we have, again, 750,000 people that are using that rule of law appropriately, just as the gentleman did from Minnesota to come here and seek out the American Dream. That is all we are asking, let's just do it the right way.

You know, as we talk about Mayor Nicholls as a person who, again, is in charge—for—of the law enforcement of a city, and you are responsible for the safety and health of a lot of citizens in Yuma—you live this every day—can you tell us what our current conflicting message of immigration policy, how it impacts cities on the border?

Mr. NICHOLLS. Thank you, Congressman. The conflicting message is really one like—there is a lot of different angles, I guess, I could take with that question. But one that really comes to mind is, we are dealing with a very large population coming through,

and it is definitely a national issue, but it is not being funded nationally. It is being—it is on the backs of our communities, backs of our nonprofits, in order to deal with the release of these people into the communities, and helping them to get to their ultimate destination. So there is a dichotomy there.

And then also we have given the job to our DHS to enforce the law, but they don't have enough people, they don't have enough resources, they don't have enough facilities to adequately do that. And so at the same time, we bring forth a criticism of how the process works, but they are handcuffed on how they——

Mr. HERN. So my time is short. Mr. Chairman, can I just ask a follow-up question? My colleague just went over two minutes. I promise it won't be two minutes.

Chairman YARMUTH. Go ahead.

Mr. HERN. Just as a follow-up to that, what I have seen, interesting enough, is that we have had, you know, a lot of people go ask CBP agents, mayors, along the border, and you give them these facts, the naysayers, but they must not believe you, because they are still saying it's the President wanting this, when the requests are actually coming from the mayors and the CBP agents up and down the border. I mean, how do you—that has got to be immensely frustrating.

Mr. NICHOLLS. It is. You know, I stay in my lane as the mayor and not as, you know, telling Congress exactly what needs to get done, but there is—the fate of our community in this area is at the hands of those that do set those laws, and that is Congress and the Administration.

Mr. HERN. Thank you, Mr. Chairman.

Chairman YARMUTH. The gentleman's time has expired.

I now recognize the gentleman from New York, Mr. Morelle, for five minutes.

Mr. MORELLE. Thank you, Mr. Chairman, for bringing this important conversation to the forefront today. I applaud the folks in this hearing on facts rather than fear. For far too long, our national conversation on immigration has stoked panic that immigration is stealing jobs from hardworking Americans and making our communities unsafe.

The reality, backed up by data, is very different. Immigrants, like my great grandparents, are job creators, not takers. First-generation immigrants start one-quarter of all new businesses in the United States, and are twice as likely as native-born Americans to become entrepreneurs.

Moreover, the evidence shows that immigrations and immigrants do not reduce overall employment levels or working hours, and do not drive down the wages of working Americans. In my own district, new immigrant communities have revitalized Rochester when population decline threatened our livelihoods. Thanks to those new arrivals, our city's population is stable, and our economy has the opportunity for growth and innovation.

Today, almost 10 percent of the Rochester population was born outside the United States. They are our friends and neighbors, our coworkers, our customers, and our family members. I appreciate the opportunity to discuss how immigration policy can best nurture the economic power of hardworking families that are eager to bring

their expertise and drive to America to build a better future for our nation.

Again, Mr. Chairman, I thank you for this opportunity.

I would like to ask Dr. Kerr, President Trump has claimed that our country is full. How can that be accurate when the Census Bureau show that 44 percent of American counties lost population last year?

Dr. KERR. Thank you for that question. I think it is interesting this is happening elsewhere as well. We have increasing concentration of population into specific growth centers, and that can be problematic both for the places where population is rapidly increasing, the cost of living is increasing, the congestion is increasing, as well as to the areas that are actually losing population. So I think it is certainly not the case that the country is full.

In fact, other places use immigration policy to specifically try to attract people to declining regions. There are examples in other countries where that is one part of the immigration policy, for example, setting up firms in declining regions, or just placing individuals into these declining regions to try to alleviate the loss of population.

Mr. MORELLE. Yeah, I would like to follow up. Economics is obviously your expertise. I am just curious. In those regions, in particular, where there was a reduction in population, population levels actually declining, can you talk about the economic consequences of that?

Dr. KERR. Yes. So that can be very problematic. If the economic activity of the population is declining, that means that it is harder to maintain services, like good public schools. It is harder to maintain many programs. It is harder to provide economic opportunities for the young individuals residing there, and that can lead to this vicious cycle where the areas become less and less attractive, and the young individuals will leave because there is nothing much for them to do. And those kinds of situations can be very hard to correct.

Mr. MORELLE. If I might, in the last couple of minutes, there has been a lot of conversation in my region, in particular, Rochester, New York, has a long history of manufacturing, and as we are transitioning from a manufacture and industrial base, to a knowledge-based economy, one of the things we continue to pursue is advanced manufacturing. And much of that involves defense industry and other important manufacturing that is critical to the United States. And there has been a lot of concern expressed about the supply chain, and the lack of skilled workers—in some cases, unskilled workers—to take jobs in that supply chain.

And there is a lot of talk about how some immigration involves highly skilled and highly educated workers, but what about immigrants that come here without an advanced STEM degree, or even a college education, can they participate in that supply chain in our efforts to promote advanced manufacturing? And could you talk about that and how important that might be to us over the next decade or two?

Dr. KERR. Yes. So I think everyone seems to like highly skilled immigrants, but it is a false notion that less skilled immigrants, or immigrants without a college degree, don't provide something for

the economy. In fact, if you look at the entrepreneurs—immigrants entrepreneurs in the U.S., it is about half of the entrepreneurs who have a college degree, and the other half don't. It is the same actually for American entrepreneurs as well. So they—both type of entrepreneurs, skilled and not, create a lot of jobs. In fact, their firms are often more similar than different on any of these metrics that we have studied. And also non-college-educated workers are very important, as you mentioned, for many local economies, for American businesses in different sectors. They are an economic powerhouse, as well as the skilled immigrants as well.

Mr. MORELLE. Thank you. Again, Mr. Chair, thanks so much for this important hearing. I yield back.

Chairman YARMUTH. Thank you. The gentleman's time has expired.

I now recognize the gentleman from South Carolina, Mr. Timmons, for five minutes.

Mr. TIMMONS. Thank you, Mr. Chairman. I appreciate you holding this hearing on immigration. It is critically important at this juncture in our country's history. We have a major problem, and I wish that we were talking more about how to fix that problem, than about building a more dynamic economy, the benefits of immigration. I don't think many people would say that we are anti-immigrant. I couldn't be more pro-immigrant. I just—I have a very strong emphasis on the rule of law. I think that laws matter. We have to enforce our laws. That is why people want to come here. Our society is one of the freest and safest places in the world, and we have people traveling thousands of miles, risking their lives and their families' lives, and it is just a tragic situation that we are in.

I went with Mr. Hern to McAllen, Texas. We had a bipartisan trip that was eye-opening. Honestly, I have been here for six, seven months, and we were arguing here in Congress whether there was a humanitarian crisis at the border. And I trusted the Administration. I trust the President. And I trusted the Secretary of Homeland Security. But it didn't seem that that was unanimous. A lot of people just didn't believe them. So we have made progress here in Washington in that, I don't think anybody thinks there is not a crisis at our southern border.

Having been there, it was probably the only time in my life that I felt shame as an American. There was the facility I was at in McAllen. It is designed for 3,000 people. There were over 9,000 people. They had detention cells where it was designed for probably five people, they had 40. And I am not faulting the Administration, I am not faulting Homeland Security, I am not faulting CBP or Border Patrol. We have failed as a Congress to fix the problem. And we are currently—now we are fighting over what to do about the humanitarian crisis at the border. And the answer is not just throw money at it. That is part of the answer. It is a critical part of the answer. We need to send more resources to the southern border. But we also have to create a system that does not facilitate what is going on right now.

Our laws are broken. I stood under a bridge right about a mile away from the Rio Grande River, and about 20 immigrants illegally crossed the border. They literally waded across the river, and they immediately, very calmly, in what would be described as through

relief, turned themselves in to Border Patrol. And they were then taken to processing, and weeks later, they are going to be in an American city somewhere pursuing the American Dream. They have a court date, they got to go back, and it will probably be four or five years, but the vast majority do not show up.

So we can't just throw money at it. We have to throw money at it and fix the problem, and that is to create an immigration system that encourages people to come here to pursue the American Dream, but do so in a way that abides by our laws. Come through our ports of entry.

I guess my first question is to Mr. Jawetz. So what can we do to change what is going on? What would you propose that we do to fix the onslaught of immigrants coming across the southern border, not going through our ports of entry, crossing our border illegally, claiming asylum, and really just—it is a bad situation—so what is the proposal from the ACLU?

Mr. JAWETZ. I used to be at the ACLU. Now I am at the Center for American Progress.

Mr. TIMMONS. There we go, there we go.

Mr. JAWETZ. But between that, I was on the Hill. So thanks very much for the question. A couple of things I want to flag first before I respond specifically. The first being the data on appearances in immigration court are being badly misconstrued. The vast, vast majority of people are appearing at their hearings on a regular basis. If you look solely at the data on closed cases, it is true that a large percentage of the closed cases are cases where someone didn't show up, but that is only because the cases don't close in just a matter of months, right? And so if you look at actually who is appearing as the process is going on, like 90 percent of folks are appearing, and if they have counsel, it is even higher than that.

Mr. TIMMONS. How many undocumented immigrants, what is the number that you are using in the United States, currently? How many undocumented——

Mr. JAWETZ. There are about 10½ million people.

Mr. TIMMONS. Okay. So enough people aren't showing up that we have a very large number?

Mr. JAWETZ. Oh, sorry. If you are speaking specifically about the southern border situation right now, that is the data I am referring to there. The 10½ million people we are talking about have been in the country now, on average, for about 15 years, right? That is the result of a system in which—you know, we spoke earlier about the conflicting message. I thought that was a really great framing for it, the conflicting message. When I was on the Hill, Richard Land from the Southern Baptist Convention, used to talk about how there are two signs on the southwest border. One says "help wanted," one says "no trespassing." That is the conflicting message for 20, 30 years we have been sending to the world, right? We as a country, as an economy, rely upon immigrants for their labor, for their contributions, as consumers. They are an integral part of our current and our future economic stability. But we don't actually have pathways to facilitate that. So when we yell about legal versus illegal and try and make that a really significant thing, we have to stop and say, Well, why is the law what the law is right now? If the law is unenforceable and we count upon it not being

enforced, in order to realize the exact economic gains that we are all pointing—that you all are pointing to in this current Administration, you know, if that is what we are counting upon, let's try and harness the benefits of immigration within the legal system.

Mr. TIMMONS. So you would agree that we need to create a legal system that actually facilitates immigration and then enforce those rules?

Mr. JAWETZ. I would 1,000 percent agree with that statement, and I will tell you, I would love it if it was true, frankly, that as I have heard repeatedly today, that every member on the other side of the aisle, on the Republican side of the aisle, supports not only legal immigration but increasing legal immigration levels. Because I will tell you that when I was in Congress, the most powerful voices who were lobbying on your side and on your issues were NumbersUSA and the Center for Immigration Studies, who are—setting aside they are designated hate groups,—their mission is to decrease legal immigration levels into the country. And Stephen Miller and President Trump, who listens to them, their goal is not what you are expressing. Their goal is not support for increased immigration. Their goal is to drive down significantly legal immigration to, like, 300,000 people a year, maybe, and to massively deport everyone who already is here, notwithstanding the economic disaster that would cause.

Mr. TIMMONS. I don't know if I agree with—thank you, Mr. Chairman. I yield back.

Chairman YARMUTH. The gentleman's time has expired.

I now yield five minutes to the gentlelady from Washington, Ms. Jayapal.

Ms. JAYAPAL. Thank you so much, Mr. Chairman, for holding this hearing. And I just want to pick up where my colleague across the aisle left off. I would 150 percent agree—or you said 1,000—I would agree 1,000 percent as well, with the statement that we all are trying to create a legal system that allows us to bring in the immigrants that we need, that allows us to meet the values and the demands of our economy. And it is not that we don't know how to fix that, and, in fact, in 2013, Mr. Chairman, you were a critical part of a very small, bipartisan group of House Members, that worked on an immigration proposal. The Senate in 2013—it is kind of—it is hard to believe this, but 68 bipartisan votes for a comprehensive immigration proposal that would have fixed much of what we are dealing with. And I think that the—what we have to understand is, you presented it much more diplomatically, Mr. Jawetz, than I did—maybe all those years on the Hill really helped—but I find it hypocritical, as a nation, but from a political perspective, because I actually think you are right, the statistics of Americans across this country, Republican and Democratic and independent, across this country, who know that immigration is a good thing for this country, that want to see increased levels because they understand the economic benefits of immigrants to this country, but the political hypocrisy of a nation that continues to rely on those benefits and yet has not fixed the system. And so I wanted to go to that system question, because one of my colleagues on the other side said, why do you keep conflating legal immigration and illegal immigration? It is because the system is broken. So

tell us, when was the last time, last year, when we did any kind of comprehensive reform to our nation's immigration laws to update them to the needs of our economy?

Mr. JAWETZ. So the last time we reshaped our legal immigration system was in 1990.

Ms. JAYAPAL. 1990?

Mr. JAWETZ. And since that time, of course, in 1996, Congress, notwithstanding the fact that the system itself still had deficiencies, layered on top of that, a number of really serious and heavy enforcement provisions that only further basically brought the immigration system out of step with the realities of the country.

Ms. JAYAPAL. We started to criminalize immigration and migration in 1996, but 1990 was the last time——

Mr. JAWETZ. Yes.

Ms. JAYAPAL.——that we have actually had any kind of a positive contribution in terms of reforming our immigration laws. And when people say, people should get in line, is there a line for people to get into?

Mr. JAWETZ. Yeah, there is certainly not one line. There are lots of different potential lines. Some of those lines, if you look, for instance, at, like, if you are a—years ago when I was working for Congresswoman Lofgren, when you looked at like a U.S. citizen who was pushing for their sibling who was in Mexico, how long a Mexican sibling getting into the wait line would wait at this point, it was something like 120 years——

Ms. JAYAPAL. Right.

Mr. JAWETZ.——based on the number of people who were in the line ahead of them, and the number of visas given out each year.

Ms. JAYAPAL. And, in fact, I took 19 years on a whole alphabet soup of visas to be able to get my citizenship, and I am so proud to be one of only 14 Members of Congress who is an immigrant myself, has gone through the system and seen all the ways in which it was broken. Give us one or two very quick examples, because I do have a question for Dr. Kerr as well, very quick examples of where you see this out of step. We have a certain number of visas per category, and yet the number of workers that we need for that category is dramatically out of step. Just one example to help my colleagues.

Mr. JAWETZ. The most ridiculous basically is that we have an immigrant visa program, on statute, 10,000 visas given out every single year to other workers. These are for lesser skilled, immigration visas, full-time immigration visas into the country, and for two decades, we have taken half those visas and used them for adjustments under NACARA. So there are 5,000 visas available every single year for people who don't have college education or highly technical skills who want to emigrate to the U.S. and contribute as workers.

Ms. JAYAPAL. So that is a kind of out of step, but it is across the board in every single category.

I wanted to say, Mr. Kahin, that I hope that we get to taste your food someday. I was looking at the beautiful pictures. And the National Association of Evangelicals has said that our refugee resettlement program is the crown jewel of American humanitarianism,

and you are a perfect example of that. So thank you so much for that.

And let me turn to Ms. Kerr for this question about labor markets and entrepreneurship. We have heard the incredible story of Mr. Kahin. It is not just Mr. Kahin that is in this situation. We are seeing tremendous entrepreneurship. Can you tell me what your findings have been specifically around immigrants, the composition of the labor force, and then the entrepreneurship levels of immigrants?

Dr. KERR. Thank you. So, if you look at immigrants in the population, and the labor force immigrants are about 13 percent of the U.S. population, and a little bit higher than that in the labor force, around 16 percent. They are almost double that, still, in the entrepreneurial population. And that is not just U.S. alone. I think immigrants are generally found to be a lot more entrepreneurial than natives in any immigrant-receiving country, and that happen both in self-employment as well as sort of employer entrepreneur arena, so that is a very typical finding——

Ms. JAYAPAL. Much greater than their share of the population——

Ms. KERR. Much greater than—exactly. They are much more likely to start firms than natives are.

Ms. JAYAPAL. And that is part of the reason we have had so much support from the Chamber of Commerce, and back in 2008, I wrote an op-ed with the Pacific Northwest director of the Chamber on the need for comprehensive immigration reform.

Mr. Chairman, thank you so much for holding this hearing and for all of your work on this issue. I yield back.

Chairman YARMUTH. Thank you. The gentlelady's time has expired.

I now recognize the gentleman from Pennsylvania, Mr. Meuser, for five minutes.

Mr. MEUSER. Thank you, Mr. Chairman, and thank you all very much. I think it goes without saying, and it is undeniable, we have a border crisis. 144,000 illegals were apprehended in May alone. Of course, we don't know how many were not apprehended. Yet, at the same time, no one denies, or at least I don't think they should, that we are a proud nation of immigrants. The President and the Republicans here in Washington are trying. We now have engaged Mexico's help in controlling the border and their borders. I do believe we follow a "wide gates, high fences" concept. So as we have orderly known entry into our country, and we do our very best to keep drugs and criminals from entering our country. We have spent a lot of money on expanding judges for asylum adjudication, and we are spending billions for care and trying to expand detention centers appropriately.

On the other hand, I think we have the—the Democrat side is—provided no funding. It has no interest in border security. They have passed an amnesty bill in the House; they have a bill now that basically will institutionalize the idea of catch and release, where 85 percent do not show up again, and no money for law enforcement, ICE or border security.

So that is the situation here. Mayor, I would like to talk about Yuma. Human trafficking, you touched on that a little while ago.

You said it is certainly—you know, one poor person being humanly trafficked in that manner, unwillingly, is a tragedy. Could you speak on that briefly?

Mr. NICHOLLS. It has a—thank you, Congressman. It has a lot to do with, you know, providing for the humanitarian aid, you know. I have been accused of taking really strong positions one way or the other, but at the end of the day when people arrive in the community, that is my concern is the humanitarian concern for them and the public safety. So human trafficking shows up in a lot of different ways. To me, it shows up in recycling children so that people can cross the border. And whether or not they claim asylum, because right now only 7 percent of migrant families that come through the Yuma sector actually claim asylum, but as long as they have that minor with them, they are able to enter the same process to see a judge and await in country. So to me, that child, if it is not a family member, is part of that trafficking issue.

And then the trafficking starts in Mexico. I have talked to several officials there, where they track it, but they don't have enough—the problem with trafficking is that it moves across too many borders, so there is not enough continuity in local governments in order to have an impact. It is really a federal-level issue to try to get our hands around that.

Mr. MEUSER. All right. I hope to hear from you ideas on trying to correct this terrible situation.

Mr. NICHOLLS. I have a few.

Mr. MEUSER. Great, all right.

Mr. NICHOLLS. Thank you.

Mr. MEUSER. Costs to your budget, to your city, unsustainable? Manageable?

Mr. NICHOLLS. As a community, it is very unsustainable. Our city right now, we don't have a line item for migrant support, so we don't actually have dollars, but our community has experienced over a million and a half dollars, in the last three months, worth of impact for the different elements that it takes in order to support that effort. Right now, this is the part of the year where our nonprofits are already stretched in trying to serve our homeless veterans, the different elements of the community that need the support. Temperatures hotter, there is less work, and now that our nonprofits, some of them are diverted to providing for the migrant families as they come through. So there is a real impact from a community level of just under a half a million—a million and a half dollars since the beginning of the year.

Mr. MEUSER. What about schools, how are your schools doing?

Mr. NICHOLLS. You know, the schools right now because the migrant families are moving through and they don't stay, we don't that dramatic of an impact. There is a constant presence, just being close to Mexico, but there is no dramatic impact right now in the school system.

Mr. MEUSER. And so housing as well? Housing?

Mr. NICHOLLS. Housing, it really has to do with that temporary housing and moving through the families. Our shelter has gone over capacity four times in the last three months. It is just not a sustainable situation, where we can continue to bring people in, because the numbers continue to grow.

Mr. MEUSER. And lastly the farms, you mentioned how this is disrupting the ability for them to come in and do the work they have traditionally provided?

Mr. NICHOLLS. Right. So there we have, a lot of the labor comes legally through the port of entry. Well, because we have removed resources in order to support the family migrants that have come through, the wait times are getting dramatically longer. As we enter into the winter season, where we have the 15,000 people—15,000 workers coming through a day, they are going to be waiting in line an extra hour to an hour and a half just to cross the border because the resources aren't allocated where they need to be for the legal part of the migration process every day.

Chairman YARMUTH. The gentleman's time——

Mr. MEUSER. Thank you, Mr. Chairman. I yield.

Chairman YARMUTH. Thank you. The gentleman's time has expired.

I now yield five minutes to the gentleman from New Jersey, Mr. Sires.

Mr. SIRES. Thank you, Mr. Chairman, and Ranking Member, for holding this hearing. You know, I represent a district of New Jersey which is 44 percent of the people in my district who are born outside of this country. I, myself, am an immigrant. I came to this country when I was 11 years old as a refugee, refugee from Cuba, and I always tell this story. When we landed in Miami, they took us to the refugee center. They knew that we were going to New Jersey. They gave me a hat, glove, and a coat. My brother also. And we went on to New Jersey. My parents also. I tell people, that was a great investment by this country. I have been paying taxes all these years, my family and myself. I am still paying taxes. So as far as I am concerned—I also created a business. I employ people—so as far as I am concerned, this country made a great investment in the Sires family, because I am here. And the greatness of this country is the fact that I came as a refugee, I am here in Congress, and my vote here is as good as anybody that was born here. And I care for this country as much as anybody that was born here. Probably more. Because I appreciate the opportunity that was given to my family. So when I hear about all these things about immigrants, how bad they are, you know, I just don't buy it.

Of course, everybody wants legal immigration. Nobody wants illegal immigration. The condition of some of these people in this country are so horrible that they may not have a choice. But they do come and work. And one of my questions that I have is, when people that are not legally here work, some of them contribute taxes, right? Some of them contribute to Social Security, right?

Mr. JAWETZ. Absolutely.

Mr. SIRES. Do they get that money back?

Mr. JAWETZ. Not now, no.

Mr. SIRES. No. Do you know how much they contribute that they don't get the money back that they work for?

Mr. JAWETZ. I should have that in front of me right now. It is trillions. I mean, trillions of dollars basically in payroll taxes that are contributed into the system in the long run.

Mr. SIRES. And they don't get that back in Social Security?

Mr. JAWETZ. I mean, at this stage, no. I mean, there is a way in which if you can—if you are paying through an I–10, you can sort of track that down the road. There are ways in which you could potentially do it, but most of that money right now is left on the table.

Mr. SIRES. Right now it stays in the budget, wherever it goes?

Mr. JAWETZ. That is right.

Mr. SIRES. The other aspect is that we make it more difficult for people even who are here legally to become citizens. You know, I go to ceremonies all the time, and I swear people all the time. I just find out the other day that if you become a citizen, and you get the certificate that says, you know—which my father used to have in the living room, if you lose that certificate, now they charge you $500 to get a copy of that certificate. Or if you misplace it. And it is now close to a thousand dollars to become a citizen. We just keep making it more and more difficult for people to become citizens, even if you are here legally.

You know, we had a bill that came from the Senate, close to 70 votes in the Senate, came here, and because a group of people didn't feel like they were going to support it and were going to create hell, it never went through. And that was a bipartisan effort for a comprehensive immigration bill.

Mayor, I know—I was a mayor for 12 years. Ninety-four percent of the student body in the town that I represented were Hispanic. So you can—and they didn't speak English—so you can imagine the pressure on the budget of that community. Pressure on housing, pressure on everything. And you know, one of the things, across the street from me there is the supermarket, and when this whole thing started with the President and people became fearful, the owner of the supermarket came to me and said, you know, my business is down 35, almost 40 percent, because a lot of people became afraid and moved someplace else, and they didn't buy in that store.

You know, I had the same problems with housing, police. And generally I find that immigrants are pretty respectful to teachers and police officers. This business that they all come here and somehow they are criminals, I don't buy that. I lived it. So, you know, we just can't keep making it more difficult for people who are here to become citizens. And it is all about the fear of the vote. Let's be realistic. They don't want 10 million people to become voters in this country. And that is the reality of it, because you know which way they are going to vote, most of them anyway, except for the Cubans. Thank you, Chairman.

Chairman YARMUTH. The gentleman's time has expired.

I now recognize the gentleman from Georgia, Mr. Woodall, for five minutes.

Mr. WOODALL. Thank you, Mr. Chairman, and thank you for holding the hearing. I wanted to answer Mr. Sires' question about do you know how they are going to vote. The immigrants I know, and 26 percent of my bosses are first-generation American families. They vote based on faith and family and education and opportunity. So to Mr. Sires' point, who is my good friend, I know exactly how they are going to vote in the great state of Georgia, and we will continue to——

Mr. SIRES. Let's make them citizens.

Mr. WOODALL. You are exactly—you are exactly right.

Mr. SIRES. Let's make them citizens.

Mr. WOODALL. I took offense to Mr. Jawetz, it was a side comment that Georgia was passing laws to run immigrants out of that state. That is just nonsense. There is a rule-of-law conversation that has happened in the great state of Georgia. And, again, my immigrant population is growing wildly in the very best tradition of America. The past of this country was based on robust immigration, the future of this country is based on robust immigration, and Georgia is no exception to that.

I wanted to ask Mr. Kahin, opening your fourth restaurant, can you just tell me, did the tax bill, did it help you at all? Did it help the family business at all, like, when we passed the tax bill two years ago?

Mr. KAHIN. You know, lately, it has been—it has been good, but I think—I opened my restaurant in 2010.

Mr. WOODALL. The first one in 2010?

Mr. KAHIN. Yes. I opened the first one in 2010.

Mr. WOODALL. And when the second one?

Mr. KAHIN. The second one, 2015. And two——

Mr. WOODALL. And the third?

Mr. KAHIN. This year.

Mr. WOODALL. This year?

Mr. KAHIN. So it is equally——

Mr. WOODALL. I am following that growth. I hope that growth continues. We were having an economics discussion. I just wanted to ask, is there anybody of economic thought that says that illegal immigration is more economically valuable to the country than legal immigration?

Dr. KERR. And so, I can start with that. It is actually surprisingly hard. So in many of the data sets that I use—and I use these large Census Bureau-collected data—we don't know whether someone is an illegal or legal immigration. We don't know anything much about the circumstances upon their entry. So the best case we can usually tell is whether they arrived as children or as adults. But there is nothing really in there that would tell us anything about the circumstances surrounding their entry. So I would love to have data to be able to actually look at some of these questions regarding illegal versus legal, but that is just—that is sort of, almost by definition, is not there. And even among the legal, the different groups of immigrants, whether you came under an H–1B visa or came under—as a sort of—your parents migrated and you migrated with them and they had a legal immigration——

Mr. WOODALL. I guess I wouldn't of thought it was that complicated, Dr. Kerr.

Dr. KERR. I wouldn't have thought either.

Mr. WOODALL. But I am thinking about the folks who are able to live out their very best American Dream in my district. Those folks with papers are able to pursue that dream in ways that folks without papers can't. Even in my district, we have so many H–1B and E–2s, folks with H–4 visas now are struggling to live out that highest and best dream.

And Ms. Jayapal, and I have a bill to fix that. You see that in real life every day, Mayor, the wonderful benefits of legal immigration. Tell me about the 15,000 folks that—we always talk about H–2As as if they are going to make a big difference. You said your legal-immigration population that comes in every day and goes back home every night dwarfs the H–2A participants in your area?

Mr. NICHOLLS. That is correct. That is correct. There might be a little bit of crossover in that, in the H–2A population. Some of them are American citizens who have just chosen to live in Mexico, and then some of them have different guest worker program participation.

Mr. WOODALL. We have talked a lot about a lot of topics that are not what the Chairman had on the agenda today, but I was surprised, as many of you were, when President Trump said in the State of the Union, I want people to come into our country in the largest numbers ever, but they have to come legally. Again, economics discussion, does anybody take issue with that? I support that. I also want folks to come in the largest numbers ever, but I want them to come—to come legally.

Mr. Kahin, I have in my district, folks on H–1Bs, so they brought their children here with them. They are on H–4s. They have been in line for 15 years in some cases, paying taxes just as your family is. Now their kids are aging out of the system. DACA protects families who came without a visa, but it does nothing for families that came here legally with a visa. How long was the wait for you? From the day that you decided to make your way to this country, what was the wait time?

Mr. KAHIN. I think about eight months.

Mr. WOODALL. Eight months?

Mr. KAHIN. Yes. And it was to Georgia—Atlanta, Georgia.

Mr. WOODALL. You flatter me by saying that. My question is, why couldn't we keep you? Why couldn't we keep you there? What led you to leave—to head to Minnesota instead of sticking around in the great state of Georgia?

Mr. KAHIN. Maybe the snow.

Mr. WOODALL. I can believe that.

Mr. Chairman, I hope we have a chance to do a round two, because from the apples to apples comparisons that Dr. Kerr was making earlier to some of the dysfunctional, legal-system issues that Mr. Jawetz observed earlier, there is a lot more information to gather from this witness panel.

Chairman YARMUTH. We will think about that. The gentleman's time has expired.

I now recognize the gentleman from California, Mr. Peters, for five minutes.

Mr. PETERS. Thank you, Mr. Chairman. I have really enjoyed this. You have been a great panel. In San Diego, which I represent, we know that our community is vibrant and booming from immigration. And in my district, the fastest growing racial group actually is Asian American Pacific Islanders. AAPI businesses have created over 50,000 jobs in San Diego County.

I also think it is kind of amusing to sit here where we seem to agree on so much. We agree that the immigration system is broken. We agree that we are against illegal immigration. We agree that

we are for legal immigration, but no one has acknowledged the—what maybe we should say out loud is that Congress has the power to decide what legal immigration is. And if we don't like what it is today, why don't we make legal what is good for America?

And I would just ask Mr. Jawetz a question. If the—well, and just maybe say one more time that people have acknowledged that the Senate did take this up in 2013. That was my first year in Congress. And I thought, oh boy, we are going to solve this problem. And then I found out that the Speaker, Mr. Boehner, at that time, could keep something off the floor from even being voted on. Sixty-eight votes in the Senate, very bipartisan, would have provided $40 billion for border security, which was a big, tough nut to digest for a lot of Democrats, but would have solved a lot of the numbers problems, would have reunited families and done a lot of the other things we all say we want to do. So that is before us. Again, we could do that.

Mr. Jawetz, we hear often this notion from opponents of immigration that immigrants will take American jobs. Would you explain why that is not the case?

Mr. JAWETZ. Sure. And I think Dr. Kerr can get into it as well, but economists have looked at this repeatedly and what they basically do is they talk about this in terms of whether immigrants are competing or if they are complementing the American workforce. And by and large, in most aspects, immigrants are complementing the American workforce, not even considering the additional entrepreneurship of just straight creating jobs out of whole cloth.

Mr. PETERS. Because they are filling new jobs, not taking existing jobs, is that essentially what it is?

Mr. JAWETZ. They are often filling new jobs, and frankly, because of the complementary aspect of it, by filling new introductory-level jobs, they actually free up the opportunity for additional managerial jobs and other things for American workers. We see some of the biggest gains actually among African American workers who end up getting higher level, more managerial jobs often when the entry-level jobs are being taken by immigrants, especially new immigrants who may not have the same native language fluency as American workers.

Mr. PETERS. Right. And with respect to the 2013 bill, you mentioned that the CBO estimated a reduction in the federal deficit of nearly a trillion over 20 years.

Mr. JAWETZ. That is right.

Mr. PETERS. How is that possible?

Mr. JAWETZ. I mean, it is two things basically. One part—and this sort of goes to the question that was asked earlier by Mr. Woodall whether legal immigrants or illegal immigrants are more economically productive—there is an economic boon essentially from getting legal status. It is absolutely true that the wages of undocumented workers are unnaturally suppressed, and that is not good for them or for anybody else. And so providing a path to citizenship for the 10½ million people who are undocumented right now, 7 million of whom are in the workforce, would actually result in an economic benefit to them and to their wages and to the wages around them.

But then separately, also, what that bill did was actually change the legal immigration system going forward to bring in those immigrants that it seems like we have general consensus would be a good thing to have in this country because we can stimulate additional economic growth, and if the economic growth and the dynamic scoring that was done on that bill and the tax contributions made by those individuals over 10, 20 years, that would end up paying down that deficit.

Mr. PETERS. So legalizing people who are here today, 10½ million people, who are—most of them are part of the economy, would actually help the Americans who are already citizens?

Mr. JAWETZ. Absolutely.

Mr. PETERS. Economically speaking?

Mr. JAWETZ. Absolutely, yes.

Mr. PETERS. Would not take their jobs?

Mr. JAWETZ. No. That is—first of all, for the folks who are here, they are already in the workforce——

Mr. PETERS. Right.

Mr. JAWETZ.——so let's be clear with that, they are already in the workforce anyway.

Mr. PETERS. Can you talk to me about how aging plays into this? So the population is aging. How is the addition of immigrants consistent with or helpful to dealing with that?

Mr. JAWETZ. Yeah, totally. So immigrants who come into the United States today are, by and large, in their working and reproductive prime of their lives, unlike, frankly, the American, you know, workforce which is aging and is reproducing at a lower and lower rate over time. And so, when you think about sort of the growth rate curve, the growth rate for this country and the prospects of not being a country that is skewed toward people who are no longer in the workforce and are counting upon retirement benefits and the like, immigrants are breathing new life into that system, and are hoping to keep it solvent today and for years going forward.

Mr. PETERS. So someone suggested that the cost of immigrants offset the benefits they were providing by paying into social benefits programs. Is that correct?

Mr. JAWETZ. No. I mean, the National Academy of Sciences did an exhaustive study and literature review two years ago, and what they found is, yes, there are costs—this is actually relevant to the Mayor as well. There are costs of immigration to this country, particularly the cost of children, because surprise, surprise, I am a father of two. Children are a huge suck on the economy, right. They are pretty economically useless at first, but they are an investment, and then eventually that investment pays off, and it pays off in spades, especially for second-generation immigrants.

And so, you know, also there are additional costs in certain communities that have the largest populations initially. And so, you know, as part of the immigration reform conversation, we maybe should have a conversation about the redistribution of support from the federal government to communities that have the largest shares of immigrants and new immigrants who are seeing some impact in their housing market, in their schools, and the like. But

overall, immigrants are an economic boon for this country, fiscally and economically.

Mr. PETERS. For all of us.

Mr. JAWETZ. For all of us.

Mr. PETERS. Thank you very much. Mr. Chairman, I yield back.

Chairman YARMUTH. The gentleman's time has expired.

I now recognize the gentleman from Ohio, Mr. Johnson, for five minutes.

Mr. JOHNSON. Well, thank you, Mr. Chairman. Important hearing today, and I appreciate our panelists being here. I represent rural eastern and southeastern Ohio, where many small businesses rely on H–2B visas.

As you may know, the H–2B program is a small but very necessary part of the American economic landscape, helping to create and sustain jobs in my district and across the country. I am grateful to the Administration for recognizing the unprecedented employer demand for H–2B workers and raising the cap by an additional 30,000 visas for the rest of fiscal year 2019, but this temporary relief does not solve the problem.

In fact, without substantial and immediate reform to this visa program, some of the small businesses in my district are at risk of losing everything because they can't get their workers. I think we can all agree that there is no reason to have a visa program that puts American businesses out of business, and that was certainly not the intent of this program.

Mayor Nicholls, as the Mayor of Yuma where 175 different crops are grown year round, can you talk about your business community's experience with this visa program? What kind of economic impact would immigration reform that allowed for a stable legal immigrant workforce have on seasonal businesses where you live?

Mr. NICHOLLS. Thank you, Congressman. Yeah. We focus primarily on the H–2A program, and it is a very difficult program to enact. In order to have someone participate in that program, they have to go to a certain embassy in their country, sign up for a very particular workforce element, whether it is picking a specific crop during a specific time period for a specific employer. And then, if there is an event that ruins that crop, now that worker's in limbo. The company is having a hard time figuring out what to do with that worker, so there is those kind of constraints. And there is a shared limit, a number of people that can be in the program in the region. And that is limiting our workforce, which is part of what I talked about with the tens of thousands of acres of fresh produce that went to Guanajuato, Mexico. It is because there weren't enough workers and enough visas to service that area.

Mr. JOHNSON. Okay. Well, thank you.

Mr. Jawetz, in your testimony, you say, and I quote, "The contributions of foreign-born workers through the payroll taxes are shoring up the country's social safety net for years to come and helping ensure that we honor the commitment we made to older Americans now turning to those programs for support," unquote.

When you say foreign-born workers, are you including the undocumented immigrants who would be given lawful permanent resident status under H.R. 6?

Mr. JAWETZ. Yes. So in general, all foreign-born workers——

Mr. JOHNSON. Yes.

Mr. JAWETZ.——undocumented and documented, yes.

Mr. JOHNSON. Well, then let's take a look at the effect on Social Security with H.R. 6. In your view, would H.R. 6 make Social Security solvent?

Mr. JAWETZ. Well, so I mean, you know, it is hard to say, right? So right now, you are talking about H.R. 6——

Mr. JOHNSON. How much does it move the dial?

Mr. JAWETZ. So that hasn't been calculated and CBO didn't——

Mr. JOHNSON. So we don't know. So you say it is going to improve the economic status and shore up that safety net, but you have no idea how much?

Mr. JAWETZ. Sir, it is two different parts of my testimony. I mean, you know——

Mr. JOHNSON. All right. Well, for the record, let me tell you that CBO has reported that H.R. 6 would barely move the dial on Social Security, so CBO's opinion is diametrically opposite to yours. Let me ask you another question.

Mr. JAWETZ. And so on that point, can I say——

Mr. JOHNSON. In your testimony, you mention H.R. 6, that if enacted, I quote, the bill would have a positive social and economic impact on states and communities all over the country. So do you endorse H.R. 6?

Mr. JAWETZ. We fully endorse H.R. 6, yeah.

Mr. JOHNSON. Okay. Great. Do you know the impact that H.R. 6 would have on the federal budget?

Mr. JAWETZ. Yes. So when you look at the CBO score——

Mr. JOHNSON. What is your view? How much?

Mr. JAWETZ. So when you look at the CBO score, what CBO did not do for H.R. 6, but they did do——

Mr. JOHNSON. Well, according to CBO, H.R. 6 would add over $30 billion to the federal deficit over 10 years. So how would you recommend that we pay for H.R. 6?

Mr. JAWETZ. So we did a study of the DREAM Act specifically, just the DREAM Act portion of it and——

Mr. JOHNSON. No, no. I want to know how you think we are going to pay for it.

Mr. JAWETZ. So I am going to try and answer this question.

Mr. JOHNSON. I have only got 24 seconds. How do you think we are going to pay for it?

Chairman YARMUTH. I will give the gentleman more time if you allow him to answer the question.

Mr. JAWETZ. I think it would be helpful for you to know we did a study of just the DREAM Act portion of the legislation, not H.R. 6 specifically, but the DREAM Act, generally, a couple of years ago. And if you do do essentially what CBO would do if they did dynamic scoring, if you look at the long-term economic impact of the bill, we saw a gain of $1 trillion basically over 10 years, in providing legalization for people who are DREAMers, right, because they are——

Mr. JOHNSON. But you are still not answering my question. How would you recommend that we pay for H.R. 6?

Mr. JAWETZ. I think—honestly, I mean, I wasn't here for when PAYGO—I mean, I wasn't a Member of Congress who voted for the

PAYGO rules that exist right now. I would say that just like what I said earlier about children being an economic suck, but really actually are an investment in our future, passing legislation like H.R. 6 that would provide an opportunity for legalization for individuals who are already in our country, who are becoming educated here, who we have invested in, who want to contribute more fully, and unlocking that potential would be a great long-term investment for this country, and we would reap the benefits of that in the long run.

Mr. JOHNSON. Okay. I yield back, Mr. Chairman.

Chairman YARMUTH. The gentleman's time has expired.

I now yield five minutes to the gentlelady from Illinois, Ms. Schakowsky.

Ms. SCHAKOWSKY. Thank you. You know, it is tempting to use a bunch of time just venting my fury about what I am seeing and the heartbreak at the border, but also in my community, where there is so much fear.

Mr. Jawetz, you have a lot of experience working on issues related to immigration detention, and you have even represented detainees challenging unlawful conditions of confinement. So, in your experience, what have the courts found to constitute unlawful conditions of confinement, and how does that compare to what we are seeing at the border today?

Mr. JAWETZ. So under the 8th Amendment to the Constitution, you cannot provide deliberate indifference to serious medical needs, for instance. That is just the general 8th Amendment standard. The 8th Amendment, though, isn't actually the relevant standard when looking at civil detainees like immigrants in custody who are not being punished. They can't constitutionally be punished. And so, really, what it comes down to there, essentially, is looking at their fundamental 5th Amendment due process rights to protection. And you know, the courts are different as to what that means in different circuits. But in the 9th Circuit, certainly, under a case called *Jones v. Blanas*, if you treat a person who is in civil custody the same as you would treat someone who is in pretrial criminal custody, or certainly post-conviction custody, then that would be—you know, that would be presumptively unconstitutional under the——

Ms. SCHAKOWSKY. So is it safe to say that failing to provide children with soap and a toothbrush and forcing them to sleep on concrete floors in cold, overcrowded cells is not only inhumane, but unlawful, an unlawful condition of confinement?

Mr. JAWETZ. So it is certainly unlawful with respect to the actual settlement agreements that govern the treatment of children in custody, and that is just as enforceable, obviously, as the constitutional protections. You know, I would say over time, courts and Congress have reduced the ability for individuals who are in custody to actually recover for violations of their rights. Actually, the last time I was here testifying back in 2007, I was sitting right next to a client of mine at the time, Francisco Castaneda, who had been in immigration custody for 11 months. And from day one, when he walked in the facility, they knew that he needed a biopsy in order to rule out cancer, and for 11 months, they denied it to him. And when he finally walked out the facility door after we did

a demand letter, the doctor who walked him out said get yourself to an emergency room. By that point, he already had metastatic penile cancer, testified before Congress, and a few months later, had passed away.

And the Supreme Court, frankly, 9–0 actually, ruled that because Congress under the Public Health Services Act ruled that the Federal Tort Claims Act is the exclusive remedy for individuals who are mistreated by veterans—by the folks who are treating him in the public health service, he was not able to recover at all for the unconstitutional conduct that he was subjected to that the——

Ms. SCHAKOWSKY. Let me ask.

Mr. JAWETZ.——lower courts thought was abhorrent.

Ms. SCHAKOWSKY. What kind of impact will the Administration's cruel and inhumane mass detention of refugees and asylum seekers have on the economy? I heard a woman on television last night say that each child actually costs about $750 per night to keep in the ineffective, inhumane custody that they are in right now. But we keep hearing about there is not enough money. We are spending a lot of money, aren't we?

Mr. JAWETZ. Yeah. We are spending a tremendous amount of money on the most expensive way of handling the situation possible. There were, at the time the Administration started, took over, basically, there was a program in place that allowed for pennies on the dollar, basically, to release families into intensive supervision programs, basically, in which we are seeing, actually, phenomenal results of folks showing up for proceedings.

Ms. SCHAKOWSKY. Let me also—I met with the U.S. tourism operators, and they said there has been a 20 percent decline in tourists in the United States. What does that mean for us? I mean, and they attribute it—I asked, have these immigration policies deterred people from coming, and they attributed that to the decline.

Mr. JAWETZ. Yeah. I think this sort of goes to the earlier points, you know. If it is, in fact, the case that the Committee Members on all sides of the aisle are supportive of immigrants and more immigrants coming to the country, I think that is not what the Administration's official policy is, and what their stated preference is. Stephen Miller's goal, and many people who he has brought into the Administration who are influencing policy, the folks again at FAIR, Members USA and several other immigration companies——

Ms. SCHAKOWSKY. All right, let me ask——

Mr. JAWETZ.——is to reduce immigration to the country.

Ms. SCHAKOWSKY. Let me ask you one more question. The President has threatened to remove millions of Americans, to deport them from the United States. How would mass deportation impact our economy?

Mr. JAWETZ. I certainly got to that in my initial testimony, and I would refer folks to my remarks. But if we were to pursue a policy of mass deportation and removing all of just the 7 million workers in our economy who are undocumented, it would, you know, potentially lead to a reduction in cumulative GDP of up to $4.7 trillion over 10 years, and reductions up to 18 percent of the workforce in certain industries. It would be devastating.

Ms. SCHAKOWSKY. Thank you. I yield back.

Chairman YARMUTH. The gentlelady's time has expired.

I now yield five minutes to the gentleman from Texas, Mr. Roy.

Mr. ROY. I thank the Chairman. I thank all the witnesses for being here and taking the time to address the Committee on this important issue. I realize the purpose of this hearing, of course, is to focus on the economic impact of immigration, illegal, legal, et cetera, and trying to figure out policies to address it. A number of times in this hearing, both sides of the aisle, we have been talking about the crisis at the border.

I would just like to bring to the attention when we are talking about pointed comments about this Administration's handling of the border, that it was my colleagues on the other side of the aisle for the last five months who repeatedly kept saying there was no crisis at the border. There is public record over—and it is true. It is true. There is statement after statement after statement after statement by Members of the Democrat House of Representatives, Democrats in the House of Representatives, making statements saying there was no crisis. Look at the public record. Go find it because it is true. They called it a manufactured crisis, said it wasn't happening.

And as a result, we have dead migrants. We have pictures on the front of the newspaper showing a father trying to get his child across the Rio Grande, understandably, because we, the most powerful nation in the history of mankind, refused to create a system and to secure the border in such a way that that father with his child knows how to get here, the rules to follow, and to do so safely. Rather than risking a difficult journey, being guided predominantly by cartels, and not just cartels generically as if this is some sort of fictitious thing. Very specifically, the Gulf cartel's Reynoso faction, the cartel Los Zetas, the Sinaloas, who are making hundreds of millions of dollars moving people through Mexico to come to the United States, and not one of us on either side of the aisle takes anything away from the individuals who want to do that.

It makes sense. We understand it. But it is unconscionable that this body won't do anything about it. And now we have, on the floor of the House of Representatives, legislation that is alleged to address this situation but does not do anything to stem the flow or the pressure valve. It does nothing to create places where we can have detention facilities at ICE in order to push back on the numbers of people that the cartels are going to continue to drive across the border for profit. And to use the facilities that we would create with this $4.5 billion for Border Patrol to house people at the border, to process them, to then do what? We are going to complete the cycle of the profit-making machine that the cartels use to move people across our border.

When are we going to sit down around a table on a bipartisan basis and recognize that this problem needs to be solved? Last year, I heard one of my colleagues here talk about previous legislation that was rejected for one reason or another. I would remind this body that last July, there were two votes on the immigration issue. One vote got 191 Republican votes. The other bill got 121 Republican votes. Differences of opinion within the conference. Not one Democrat supported either of those bills, bills that would have reformed the system to be a points-based system, to help streamline the process and get people here so they can work and have a

better immigration system. Another part that would have secured the border, dealt with the asylum issue, dealt with the Flores issue, dealt with the very magnet that the catch-and-release system is empowering the cartels to profit, moving these people across the border, in which they then die in the process.

It is the height of arrogance and hypocrisy for those who sat here ignoring this problem for months on end, to then point to Border Patrol, to point to the people who are trying to figure out how to solve the problem, when they have got facilities to house a few thousand, and they have got three and four and five times that number of people to figure out what to do with. And to then point to them and say they are somehow violating the decency of how they are handling these people when Border Patrol is saving lives on a daily basis?

Unfortunately, they didn't get to save the life of that father and that child yesterday, or a few days ago when that unfortunate tragedy happened. But when are we going to come together to solve this problem? We cannot, to the point of one of my colleagues, on both sides of the aisle made this point, at the same time, have a "help wanted" sign and a "no trespassing" sign at the border.

And that is a bipartisan problem, I will acknowledge, but my colleagues on the other side of the aisle have been ignoring this crisis for a long time. I would like to talk about the cost issue. It is an important issue. But it is not possible for me to continue to listen to that kind of pointed testimony about this Administration, ICE, and CBP, when you go back and you look at the previous Administration, and we talk about kids sleeping on floors. The pictures that were circulating around this week of kids sleeping on concrete were from 2015, and yet, they were being said as if it was this Administration.

We have got to stop the hyperbole and actually figure out how to sit down and solve the problem. I yield back to the Chairman.

Chairman YARMUTH. I think the gentleman's time has expired.

I now recognize the gentlelady from Texas, Ms. Jackson Lee, for five minutes.

Ms. JACKSON LEE. I thank the Chairman very much and the Ranking Member for this important hearing, and I feel the passion of my fellow Texan, understand his interpretation. Having been here a little longer than the gentleman, I have the historical perspective of how we dealt with immigration and the question of immigration reform. Almost two decades, I introduced comprehensive immigration reform. Most of my bill was incorporated in the 2010 McCain Gang of Eight effort that was almost at the front door of the President of the United States. But unfortunately, the Republican-controlled Senate did not have the passion and capacity to pass the legislation. I say that to say so that the record can be established that the crisis was really created by the pointed remarks of the Commander in Chief, President of the United States, throwing immigration bombs, if you will, mass deportation, blocking the bridges, setting policies for people to live in squalor on the Mexican side of the border.

And so, unlike those of you who seem to be presenting here, we are having elusive discussion, we lost all reason. Let me set the record straight. The tragedy of Mr. Martinez, or the family of the

gentleman and precious daughter and precious wife actually presented themselves at the international bridge at Matamoros, and were told to seek asylum, fleeing violence, and were told that the bridge is closed.

I am from Texas, so I know bridges cannot be closed. And I know that there is no end to the amount of people that could get in line, although it would be a long line to present themselves for asylum, which is still not only the law of the United States, but it is international law which we have agreed to.

I think it is important to set the record straight, having been at the border during the time of the gentleman's comments in 2014, 2015, having seen unaccompanied children come off the bus, I was there. I understand. At least in the previous Administration, there was the effort to try to address it in a mandatory manner.

So let me go quickly as my time—Mr. Jawetz, let me just get a number of how much the economy would be driven positively if comprehensive immigration reform was to be passed. We have had a variety of numbers. It would mean people would have access to citizenship. They would get in line. Let me be very clear. The legislation would not put people that were undocumented in front of those who had been in line, but what would that engine be?

Mr. JAWETZ. Sure. So when Congress in 2013 passed S. 744, CBO and the Joint Committee on Taxation did a number of different reports, both a specific score of the bill, and also an economic impact report that was part of the dynamic scoring of it. And what they found was that passing that legislation would have decreased federal budget deficits by about $1 trillion over 20 years, would have increased the nation's GDP by about 3.3 percent in 10 years, and 5.4 percent in 20 years, and the increased average wages of American workers within 10 years.

Ms. JACKSON LEE. And so over a period of time, there would be constant growth——

Mr. JAWETZ. Yes.

Ms. JACKSON LEE.——in the budget, maybe to be able to have a more humanitarian response to those who would be possibly still coming, unfortunately, but maybe because of regular order, we would have a process for individuals to cross the border, whether it is the northern border, the southern border, or otherwise. Is that correct?

Mr. JAWETZ. I mean, Acting Secretary of Homeland Security Kevin McAleenan, just a couple of weeks ago, testified before Congress that had that bill itself been enacted into law, it would have actually provided additional resources that have could help to address the challenges they are facing now.

Ms. JACKSON LEE. I am always seeking common—reasonable ways—commonsense, reasonable ways to address this question. Give me that trillion number again, please. I need it to be in the record louder than ever.

Mr. JAWETZ. Sure. So basically if that legislation had been enacted into law, the budget deficit would have been decreased by about $1 trillion over 20 years.

Ms. JACKSON LEE. $1 trillion. Mr. Kahin, let me thank you for your presence here. Tell me how you got here, sir?

Mr. KAHIN. I got here as asylum, and I apply asylum, and I got it about 12 to 18 months, and I started going to school.

Ms. JACKSON LEE. So you fled violence from Somalia?

Mr. KAHIN. Yes.

Ms. JACKSON LEE. And so you understand it is reasonable that people could be sacrificing their lives to flee violence?

Mr. KAHIN. Actually, I am one of the luckiest people, you know, from there, but I know thousands of people in Africa and Somalia who are fleeing from the civil war and dying, you know, in the sea. Those are by thousands, I think, every month.

Ms. JACKSON LEE. And so you have a business. Are you pouring into the economy—when I say that, is your business now turning back into the economy with employees? Can you tell me how many employees you have?

Mr. KAHIN. I have about 60.

Ms. JACKSON LEE. About 60 employees?

Mr. KAHIN. Yes.

Ms. JACKSON LEE. And training young people or training others as well in your employment?

Mr. KAHIN. Yes. I have, you know, students who, you know, do—I mean, I employ during the school year or, you know, they are off. And I also have people who started from dishwashing who are right now chefs, and some of them are also managers.

Chairman YARMUTH. The gentlelady's time has expired.

Ms. JACKSON LEE. I thank the gentleman. I am sorry I didn't get to the other witnesses, Mr. Chairman. I thank you and the Ranking Member for your courtesies, but I think we have made the record over and over again. Thank you so very much.

Chairman YARMUTH. I thank the gentlelady, and now recognize the gentleman from Nevada, Mr. Horsford, for five minutes.

Mr. HORSFORD. Thank you very much, Mr. Chairman. This is a very important hearing to allow us to discuss the economic benefits immigrant families contribute to this country, and certainly in my home state of Nevada. Since the founding of this country until today, immigrants have made strong contributions to our society and culture. But they have also served as engines for economic growth and innovation, creating new economic opportunities for all of us.

I would like to focus my time today on temporary protected status holders. Households with TPS holders contribute $2.3 billion in federal taxes, and $1.3 billion in state and local taxes annually. They hold more than $10 billion in spending power. However, the Trump Administration has worked to systematically dismantle our immigration system over the past two years, in which he has ended TPS protections for six out of 10 countries, including El Salvador, Haiti, Honduras, Nepal, Nicaragua, and Sudan.

That represents nearly 318,000 individuals from those countries alone. And according to the National Immigration Forum, TPS holders contribute more than $6.9 billion to Social Security and Medicare over 10 years. That cannot even—these individuals cannot even access those benefits because they are not legal immigrants, but they pay into it for you, for me, and for everyone working to benefit.

In my home state of Nevada, there are over 4,000 TPS holders from places like El Salvador and Honduras. They work in the hospitality, construction, and food and beverage industries, contributing over $40 million in federal taxes and over $15 million in state and local taxes.

One of my constituents, Erica Lopez, came to the U.S. from El Salvador and has been a TPS holder for 15 years. She is a member of the culinary union, and works hard to provide for her family every single day.

Now, when I met with Erica, she told me that when she heard about the Trump Administration's efforts to deny the renewal of her TPS status, she felt scared and worried for her family. Her oldest two children, who are 19 and 22, are also TPS holders. But her two youngest daughters, 16 and 12, are both U.S. citizens. And again, I want to underscore, these are individuals who are here as asylum seekers. They are legally permitted to be here. These are not individuals who have broken the law. They have followed the law. And now, because of this Administration's policies, they are at risk of having their families torn apart, losing the homes that they built up, and the contributions that they make to our communities.

So Mr. Jawetz, if the Trump Administration has its way with crippling our immigration system, I want to know specifically, how would TPS holders be impacted? What would happen to our nation's GDP? What would happen to the housing market and industries, such as food and beverage and hospitality and construction that many TPS holders work in?

Mr. JAWETZ. Thank you so much for the question. So as you know, for TPS holders right now who have had their protection terminated, because of preliminary injunctions in place by trial courts right now, those protections have been preserved. And so, people who have TPS, who had TPS, currently are able to hold onto their TPS, but that is just holding on by a shoestring, right? I mean, you know, court decisions are going to come down at some point, and we will see what they ultimately decide. If courts permit the termination of TPS to go forward, then individuals will lose that protection. And unlike with DACA, which is interesting, DACA, because, you know, how long you get your protection depends on—the duration is two years, but when it expires depends on when you get your protection. With TPS, it is all a single date. And so, you know, you will see for 200,000 Salvadorians plus, for 50, 60,000 Hondurans on a single day, they are all going to lose their ability to work lawfully in this country and to remain lawfully in this country.

And then, I think, it remains to be seen what happens to them in their jobs, whether or not they will be able to leave that current job and go to a new job where they are going to have to go through another I–9 process and not have work authorization for that job. I think that is going to be disruptive. If you look at actually TPS holders in construction, for instance, we did a specific paper looking at TPS holders in six states that experienced really, really devastating natural disasters over the last two years. And the work that TPS holders in construction right now are already doing to help rebuild states like North Carolina, Texas, California, Virginia, et cetera, Florida.

Mr. HORSFORD. Thank you, Mr. Chairman. I think that this is an important area that we need to understand more. I know that we are limited on time, but I am thankful to have the opportunity to bring the perspective of many of my constituents who I am fighting for, and we cannot allow their status to expire. They are contributing too much to our communities and to our economy to allow that to happen.

Chairman YARMUTH. I thank the gentleman. His time has expired.

I now yield 10 minutes to the Ranking Member for his questions.

Mr. WOMACK. Thank you, Mr. Chairman, and I will try not to take all of my 10 minutes. I was prepared to yield a little bit to Mr. Woodall, only because I like to hear him talk. And I do appreciate our panelists today, and particularly, the honorable Mayor of Yuma. Boy, us mayors, we have got to stick together, and I do appreciate the work you do. I have often said that I think Congress would be a lot better off if a criteria for being elected was to having been a mayor once upon a time, where you had to balance competing interests, and make decisions for the greater good of the group that you represent, and I think mayors pretty much do that routinely.

And you know, today in this conversation, we have, I think, remarkably found that we agree on a lot of things. First of all, we agree that we have a broken immigration system. Everybody says that. It rolls off the tongue pretty easy now because it is pretty true. And if you polled the average American out there, it would be an overwhelming result that the feeling border to border, across all political biases, is that this immigration system that we have is just simply not working for the betterment of the people. Probably so, overwhelmingly, in that way, that the only thing that I can think of that might be a bigger vote in something broken is our budget process, but I will leave that to another conversation. Mr. Yarmuth and I happen to have serious agreement on those issues.

But as I said, we have agreed that we have a broken system. So here is a question. Should we have open borders, Dr. Jawetz, or Mr. Jawetz?

Mr. JAWETZ. No. I think we can have a system in which we have borders, but we also have pathways. We heard earlier this idea that we should have, what is it, wide gateways and tall fences, I think. But you know, as Sheila Jackson Lee pointed out in the case of the father who died with his daughter just two or three days ago, they went to one of those gateways, and that gateway was closed. And so that is part of dysfunction.

Mr. WOMACK. And so if we can agree that we definitely need some level of border security in order to protect the sovereignty of our country, I mean, there is—I don't know how many people are on this planet right now, 7½ billion?

Mr. JAWETZ. I don't know.

Mr. WOMACK. Something like that. I don't know that we really know, but it is a lot of people. And a whole lot of them are living in abject poverty, read, a lot of those people would love to be able to come to this country and enjoy the benefits of the pursuit of the American Dream. So the fact is, we have to have some kind of a system set up to where people not from this country can actually

come to this country. And I think that the ability to do that, in a manageable way, begins with having a secure border.

Mr. JAWETZ. Sorry.

Mr. WOMACK. I see you shaking your head in somewhat disagreement. So disagree with me on that.

Mr. JAWETZ. Sure. So I don't think it begins with the border. The border is too late. You have already—you know, David Aguilar, when he was the chief of the Border Patrol, testified before Congress in 2007 on the issue of immigration reform, and essentially said, the best thing I can do to secure the border would be to pass comprehensive immigration reform and reform the legal immigration system because I want to get, in his words, the busboys and nannies out of the desert and through the ports of entry, so I can focus on the folks who can't come through the ports of entry, right.

So before you get to border security and patrolling the border and the walls and the rest of it, you would reshape entirely what that flow, the mission of security is, having——

Mr. WOMACK. Let's say for the sake of the argument that we did some kind of comprehensive immigration reform. We are probably still going to create lines. Are we not?

Mr. JAWETZ. Sure.

Mr. WOMACK. There is going to be a wait time.

Mr. JAWETZ. Yes.

Mr. WOMACK. People are impatient. So if the border is not secure, what guarantee is there that the people who want to come to this country today and don't want to stand in a line, are going to be willing to go stand in a line, because we have done some kind of comprehension, or when there is a hole in the fence, and they can just crawl through the hole in the fence?

Mr. JAWETZ. I guess I have a few thoughts on that. I mean, one is the Department of Homeland Security Officer of Immigration statistics under this Administration just two years ago, reported that the border is more secure now and more difficult to cross than ever before in our history. So you know, we often hear—and when I was in Congress for seven years, we always hear about enforcement first, enforcement first, secure the border first, all that discussion. As we talked about with Congresswoman Jayapal, we haven't changed our legal immigration system since 1990. It has not only been enforcement first for the last 30 years, it has been enforcement only for the last 30 years. And so, we have got a broken immigration system, and it is the system that is broken. You cannot enforce your way into fixing that system. More enforcements of that broken system will not improve it, and the policy proposals that were voted on last year that would shrink illegal immigration, that would eliminate the diversity visa program, that would make it harder for folks to have an opportunity to dream that they could come to the country, will only increase the tensions on coming illegally.

Mr. WOMACK. So Mr. Kahin, you did this right. You came here as a refugee, sought asylum, waited in line, and you are the beneficiary of having done that. Should we have a very strong immigration policy in this country that would be respectful of the fact that people like yourself did do it the right way?

Mr. KAHIN. That is right, Your Honor. I think it is a good idea, and I also think it is a good idea to legalize those who are already in the country and who are working for years and years.

Mr. WOMACK. Even if they came into the country illegally or overstayed a visa which makes them undocumented today?

Mr. KAHIN. I have no opinion on that, but I will say those who are not committing any crime who have benefited, you know, this country and the economy, I think it would be best for our economy to give them a chance.

Mr. WOMACK. So my argument against that is simply this, that if, in fact, there is a reward for somebody who has either entered the country illegally or overstayed a visa and is now if the country illegally, if the reward is that we are just going to look the other way on the law and allow them to stay here, I think it reinforces my position on border security. If that is the case, then you can have all the comprehensive immigration reform you want to have and the interior changes that you want to make in this country, but if you can still come into this country across an unsecure border, I think it is not going to serve as the proper deterrent that it should.

So now I want to kind of switch over to my friend, the Mayor. When did you do your budget?

Mr. WOMACK. When is your fiscal year?

Mr. NICHOLLS. Our fiscal year starts in July.

Mr. WOMACK. All right. So you started in July. So you are about to end a budget cycle and enter into a new budget year, correct?

Mr. NICHOLLS. Correct.

Mr. WOMACK. So when did you do the budget that affects the spending up through the month of June?

Mr. NICHOLLS. For this fiscal year, we did last year during the May——

Mr. WOMACK. Was it early in the year, the spring?

Mr. NICHOLLS. Spring. Spring to early summer.

Mr. WOMACK. So in your budget deliberations, you and your city council, what—how—how were you forecasting the allocation of taxpayer dollars to support the institutions affected by the crisis that we are facing today?

Mr. NICHOLLS. So in the city budget, what our real struggles have been is with law enforcement to make sure that we can supply for the protection of the community, and so that is really where our focus has been, to maintain and grow our capabilities in that arena. So the exact—working exactly with the migrant situation didn't come into play, except for in that arena, because we have been dependent upon the non-profits to carry that burden.

Mr. WOMACK. So up here we call them supplementals, money that we have to allocate down the road, because we didn't see it on the front end. Have you had to do supplementals?

Mr. NICHOLLS. We have not at this time, because the different non-profits have come through with some funding.

Mr. WOMACK. Have you had to reallocate money from other programs in order to supplement the police? Did you do some internal transfers of money from line items to line items?

Mr. NICHOLLS. We actually approved the raise prior to the budget, but knowing that we are going to the budget, we were prepared

for that. So we have had some of that going on in the years past, and we are prepared with the timing on it this time.

Mr. WOMACK. So you obviously, because July 1 is Monday, have probably completed your budget cycle for fiscal 2020, correct?

Mr. NICHOLLS. Well, actually, our final approval is in July, and there is some overlap there.

Mr. WOMACK. And what has happened to the budget deliberations for next year that begins on Monday, that were influenced by what you have been dealing with here for the last several months?

Mr. NICHOLLS. Well, we actually lay a little bit into the fall before we start our next budget deliberations, so it kind of is a wait and see, where does this go as an issue in our community to see how things are handled.

Mr. WOMACK. So it is uncertain.

Mr. NICHOLLS. It is very uncertain, yes.

Mr. WOMACK. And so how would Congress doing its job, and we can argue about, you know, what the outcome would look like, but at some point in time, the Congress, the right and the left have to get together. They have to hammer out their differences, come to some kind of a compromise to benefit you. So how important is Congress doing its job to you?

Mr. NICHOLLS. It's extremely important. And if I could comment a little bit on whether it is security or law, it has to be both at the same time, because where we sit, we are on the border. And while it remains unsecure, our community can remain unsecure, so we can't wait for the law to catch up. It needs to happen now.

Mr. WOMACK. I want to thank the panelists. Mr. Chairman, thank you again for leading on this hearing. These are conversations that we need to continue to have, but we also need to be mindful that we have got a crisis that has emerged on our border that is still raging and has not been fixed, and will not be fixed by what we did yesterday. And I would admonish our Congress to get back to work and take the steps necessary to solve for that current crisis. And thank you. I yield back.

Chairman YARMUTH. I thank the gentleman, and I now yield myself 10 minutes.

You know, it is, I guess, inevitable that this discussion would have focused, to a significant extent, on the current crisis, even though that was not the intent of the hearing. The hearing was a prospective look at how important immigration is and will continue to be for the sustainability of our economy and our society.

And this was mentioned. I was part of the so-called Gang of Eight in 2013. We worked for seven months. We negotiated in secret. We negotiated as normal human beings would negotiate, like you and I would negotiate, and we came up with a plan that we were convinced would have at least 260 to 270 votes in the House. Again, the Senate had already passed a bill.

We started with only two preconditions to the discussion. One is it had to fix the problems. Two, it had to be able to pass both houses. That was it. And we actually knew, the four Democrats in the group, that we were going to have to come up with something that was at least perceived to be more conservative than what passed the Democrat-controlled Senate, and we did that.

And I had no experience in immigration policy. People say why in the world are you on that panel? I said well, Kentucky was a border state during the Civil War. But I learned an awful lot, and one of the things I learned, and Mayor, this relates directly to what you just said, that the real problem in doing comprehensive immigration reform is that in today's world, Republicans want to focus on border security. Democrats want to focus on family reunification, the undocumented, and the DREAMers, and the easy part is border security.

That is the easy part: Put up walls, militarize the border, put up drones, do all of that stuff, and yeah, you can pretty much shut the border down. But you haven't solved the problem that this hearing was really meant to address which is how do we get people into this country that we desperately need.

And I was astounded a couple weeks ago. The Chief Technology Officer from Microsoft was in my community, and she made a statement then that will blow everybody's mind. It was over the next 10 years, we will experience 250 years' worth of change. If she is 50 percent wrong, we are still talking about the same amount of change that we have experienced from before 1900 until now.

I talked to a chief, a top guy at IBM who said in the next three years alone, artificial intelligence will eliminate or significantly change 120 million jobs around the world in the next three years. With this kind of activity going on, most of it is technology related.

Dr. Kerr, how critical is it that we have the best minds in the world in this country to cope with the rapid change that we are going to be facing?

Dr. KERR. I do think it is very important, and we are not the only country who would like to have the best minds in the world to be thinking about some of these problems. I think we don't even quite research-wise know what is coming up yet. We are trying to grapple with it. I have seen some studies that are trying to understand what the impact of artificial intelligence and robotization and all these things are going to be on our jobs. But I think high-skilled immigrants and, in general, just having some of the best minds thinking about it needs to be there.

Chairman YARMUTH. And a huge percentage of our technology companies were founded by immigrants. Isn't that correct?

Dr. KERR. That is correct. A huge percent. It is actually a little bit hard to think about sometimes because some of them migrated as children. Some of them migrated as adults. Some of them are second generation immigrants. How do you even put a number on that? But most of them have immigrant founders as part of the founding team.

Chairman YARMUTH. Thank you.

Mr. Kahin, I am touched by your story. I am impressed by your story, and I have seen it replicated in my community many times over. We have a very significant Somali population in Louisville, Kentucky, and they have become very productive, cherished members of our community.

And one of the things that occurs to me is that we have an economy, basically, it may change. Again, if we are going to change 250 years in the next 10 years, it may change, but right now, our econ-

omy is about 70 to 75 percent based on consumption, consumer spending.

You have hired 60 people who are spending money in your community. You have people from your community spending money with you that enables you to pay them and to provide for yourself. How important do you think that immigration is to actually just bolstering—if most of the growth in the economy and in the population is going to be immigrant-based over the next few decades, how important is that going to be to sustaining your business, growing your business, and creating a consumer base?

Mr. KAHIN. I think it is very, very important. And I just want to add into this discussion that not only immigrants are creating jobs, but they are also bringing new ideas into personal entrepreneurial spirit. I, myself, go to high schools and college to tell my story, so young American can be inspired. Those who have never seen or anyone who look like they would succeed in business. And not only that, but I also promote American entrepreneurship outside of the United States. I went to the U.K. and South Africa, Kenya, Somalia, and Djibouti just to promote how we do things in America, and how this country is so pro immigrant.

Chairman YARMUTH. Thank you very much. About 25 years ago, I was at a conference of some sort, and I heard a speaker named John Naisbitt who was a futurist, wrote many books. And one of the things he said struck me so dramatically, and that was he was talking about the birth rates in the United States of white women, African American women, and Hispanic women and how they were all different, the whites being the lowest, African American being next, and then Hispanic women being the highest.

And he said why should this concern white America? And his answer was it should concern white America because if we don't make sure that brown and black America is as productive as it can possibly be and succeed as well as they could, that white America will not be able to retire.

When I think about this whole discussion and just in the CBO's long-term budget outlook released yesterday, they projected that immigrants will account for nearly 87 percent of U.S. population growth by 2049, up from 45 percent today. So the base of taxes, the tax base that is going to support native-born Americans, is going to be largely dependent on making sure that this immigrant population is part of our economy. Is that not correct, Dr. Jawetz? Mr. Jawetz?

Mr. JAWETZ. Yes. So it is certainly the case in the current decade that is about to end right now, immigrants are responsible for all of the growth that we have achieved in our working population. And like I said in my testimony, just looking 10 years out, basically, but for immigrants and their children, we would see the working age population of the country drop by 7 million.

Chairman YARMUTH. And if we were to take the steps that we have discussed in the hearing, deporting large—millions of immigrants right now and restricting our immigration numbers, that is going to make it very—a lot more difficult for those who are left in this country to have a safe, secure retirement. Is that not correct?

Mr. JAWETZ. Yeah. That is absolutely true. And it will be disruptive, you know, up and down. Up and down the economy, you would see impacts. One thing I mentioned for the agriculture sector earlier. When you take out the undocumented workforce in the agricultural sector without doing the work you need to do in order to have an effective, meaningful replacement for those workers, and you are looking at, you know, greater food imports. You are looking at the people who have those jobs stocking shelves, doing the trucking, doing the inspections. All that work potentially can go away. Farmers who have been owning their farms for, you know, one, two, three generations losing their farms. The impact spreads throughout the entire economy, and it is a house of cards at the end of the day, and one that is—going back to sort of the broken system, it is a house of cards built on a shaky foundation. And we have all just sort of, you know, allowed, like, spit and glue to hold it together through exercise of discretion or just looking the other way or whatever. It is not sustainable, and it degrades respect for the rule of law on every side of the debate, and it feeds calls for more enforcement on one side. It feeds calls for less enforcement on this side. None of it makes sense at the end of the day.

Chairman YARMUTH. I appreciate that.

Well, I agree with my Ranking Member, my good friend, and everyone who has really testified today that as a Congress, we really have to deal with this subject. We can't put it off. And there is one set of responses probably to the current crisis and crises, but there is another whole aspect of this problem that is much more significant in terms of our future. And I thank you for contributing to what I believe, if people look at the record of this hearing, the testimony that has been submitted which there is a lot of documentation, a lot of important information from all four of you, that it is probably one of the most significant pieces of a collection of information about immigration and the future importance of it that exists. And I thank you for making that contribution and for your time and wisdom.

And before I adjourn, I do want to ask unanimous consent that the letter from the Coalition for human—Humane Immigrant Rights is entered into the record.

[The information follows:]

CHIRLA
Coalition for Humane Immigrant Rights

2533 W. Third Street, Suite 101
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213.353.1335
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June 26, 2019

Chairman John Yarmuth
402 Cannon House Office Building
Washington, D.C. 20515

Ranking Member Steve Womack
2412 Rayburn House Office Building
Washington, D.C. 20515

RE: Hearing on Building A More Dynamic Economy – The Benefits of Immigration

Dear Chairman Yarmuth, Ranking Member Womack, and members of the House Budget Committee,

On behalf of the Coalition for Humane Immigrant Rights (CHIRLA), the largest statewide organization in California with national impact, I write to express support for the House Budget Committee hearing on the Benefits of Immigration. Immigration has always played a positive key role in our country's economic development, and California serves as just one example of this, holding a $2.916 Billion Gross State Product[1]. Most recently, California's economy was ranked fourth best in the country by a recent study conducted by the WalletHub,[2] and it is important to highlight that immigrants have and continue to play a crucial role in our economic success.

CHIRLA's mission is to achieve a just society fully inclusive of immigrants. We organize and serve individuals, institutions, and coalitions to build power, transform public opinion, and change policies to fulfill full humane, civil, and labor rights for our immigrant communities and our nation. Through local and state work, we have pushed policies to advance the integration of immigrants into our state's fabric.

The state of California is home to an estimated 39 million people, of which 11 million are immigrants, both documented and undocumented, with an estimated 2 million undocumented immigrants eligible to naturalize, and an estimated 4 million serving as part of the labor force.[3] Our state also holds the highest number of undocumented immigrant youth, including Deferred Action for Childhood Arrival (DACA) beneficiaries, and Temporary Protected Status beneficiaries (TPS). These subgroups alone contribute $17.4 billion in federal taxes, and $9.7 billion in state and local taxes, and hold spending power of $75.4 billion.[4] TPS beneficiaries are often employed in the construction and hospitality sectors, and some are employed in the Long Beach and Los Angeles

[1] https://www.forbes.com/places/ca/
[2] https://wallethub.com/edu/states-with-the-best-economies/21697/#main-findings
[3] http://data.cmsny.org/
[4] https://dornsife.usc.edu/csii/map-dream-and-promise-act/

seaports which are two of the largest seaports in the nation, and exceed an estimated $400 billion each year.[5] As for DREAMERS, whom tend to be employed in higher skilled jobs than other undocumented immigrants, they are often found in white-collar jobs or have started their own businesses accounting for 13.1% of the general population in terms of business creation.[6]

California is diverse in population and in nature, as it allows for a diversified labor market. Undocumented immigrants labor is worth more than $180 billion a year to California's economy, and labor from undocumented immigrants ranges from hospitality service industry related employment to agricultural to construction jobs.[7] This gives room for many immigrant entrepreneurs to not only embark on a business of their own, but to also have successful small businesses despite barriers they may face such as their immigration status, language, or credit requirements. In the Los Angeles Metropolitan Area alone, a 2015 study from the Fiscal Policy Institute and the Americas Society/Council of the Americas found that nearly two-thirds of Los Angeles' "main street" businesses were immigrant owned.[8]

The downside to our economic contribution is that our immigrant labor force remain at risk, as immigrants, especially if undocumented, are then more prone to wage theft, retaliation, and intimidation by their employers. While we have made significant progress to ensure that their labor rights are protected and their wages are rightfully appropriated, we have yet to resolve their immigration status which would relieve many, and only further contribute to our economy.

CHIRLA will continue to work towards comprehensive immigration reform that takes into account our global, nation, and state economies. Should you have any questions, please do not hesitate to contact Isabel J. Sanchez, National Policy Advocate at isanchez@chirla.org or at (202) 641-1525.

Sincerely,

Angelica Salas
Executive Director, CHIRLA

[5] https://laedc.org/wtc/chooselacounty/
[6] https://www.americanprogress.org/issues/immigration/news/2017/08/28/437956/daca-recipients-economic-educational-gains-continue-grow/
[7] https://www.pri.org/stories/2017-03-06/californias-undocumented-workers-help-grow-economy-theres-cos
[8] https://www.as-coa.org/articles/bringing-vitality-main-street-how-immigrant-small-businesses-help-local-economies-grow

Chairman YARMUTH. Without objection, so ordered. Once again, thanks to the Ranking Member, thanks to all of the witnesses, and without objection, this hearing is adjourned.

[Whereupon, at 1:04 p.m., the Committee was adjourned.]

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CONGRESSWOMAN SHEILA JACKSON LEE OF TEXAS

STATEMENT
HEARING:
"BENEFITS OF IMMIGRATION"

COMMITTEE ON THE BUDGET
210 CANNON
JUNE 26, 2019
10:00 A.M.

- Thank you Chairman Yarmuth and Ranking Member Womack for convening this hearing on the benefits of immigration to our economy and the cultural enrichment of our country.

- Let me welcome our witnesses Tom Jawetz, vice president of the Immigration Policy Center for American Progress, Abdirahman Kahin, owner of Afro Deli, Dr. Sari Pekkala Kerr, senior research scientist at the Wellesley Centers for Women at Wellesley College.

- Thank you for being here and sharing your expertise with this Committee.

- The Trump Administration has ignored the critical contributions of today's immigrants towards a thriving, diverse, entrepreneurial economy.

- The tandem of high skilled immigrant workers and lower-skilled immigrants will promote labor specialization, productivity, and creativity for the foundation of our nation's economy.

- We must recognize the inhumane treatment of the children and families at the border and bolster the economy

ECONOMIC IMPACT OF IMMIGRANTS

- **Immigrants added an estimated $2 trillion to the U.S. GDP in 2016.**
- Immigrants are overrepresented in the labor force and also boost productivity through innovation and entrepreneurship.

- **In 2010, more than 40 percent of Fortune 500 companies were founded by immigrants and their children.**

- This includes 90 companies founded by immigrants and 114 companies founded by children of immigrants.

- These companies employ more than 10 million people worldwide.

- **Over the long run, the net fiscal impact of immigration is positive.**

- From 2011 to 2013, children of immigrants contributed $1,700 per person to state and local budgets, and immigrants' grandchildren contributed another $1,300.

- Across three generations, immigrants' net contribution, per person, was $900.

- **Research shows that immigrants complement, rather than compete with, U.S.-born American workers—even lesser-skilled workers.**

- Researchers such as Ethan Lewis, Will Somerville, and Madeleine Sumption find that U.S.-born workers and immigrants have different skill sets and tend to work in different jobs and industries, even when they have similar educational backgrounds.

- Immigrants tend to complement the skill sets of American workers, thus enhancing their productivity.

- **The impact of immigration on the wages of U.S.-born individuals is small but positive over the long run**.

- Economist Heidi Shierholz estimates that from 1994 to 2007, immigration increased average wages of U.S.-born individuals 0.4 percent, or $3.68 per week. Immigrants consume goods and services, creating jobs for natives and other immigrants alike.

- These results are consistent with those of other studies by economists such as David Card, Gianmarco Ottaviano, and Giovanni Peri.

- **Immigration also appears to have a minimal impact on average African American wages and employment.**

- The work of scholars such as Lonnie Stevans, Robert LaLonde, Robert Topel, Franklin Wilson, Gerald Jaynes, and David Card suggests that immigration had little effect on the wages and employment of African American men between 1960 and 2010, regardless of their level of education.

- **As Baby Boomers retire en masse over the next 20 years, immigrants will be crucial to filling these job openings and promoting growth of the labor market.**

- From 2020 to 2030, 7 million U.S.-born individuals, on net, are expected to leave the labor force.

- 2 million immigrants and 6.9 million children of immigrants are projected to join the labor force during the same period.

- Looking further, from 2015 to 2065, immigrants and their descendants are expected to account for 88 percent of U.S. population growth.

- As such, immigrants and their children will be critical both in replacing retiring workers—preventing labor market contraction—and also in meeting the demands of the future economy.

Cost Of Inaction and Cost of Mass Deportation

- **Unauthorized immigrants contribute significantly to Social Security and Medicare.**

- In 2010, unauthorized immigrants paid $13 billion into Social Security and received only $1 billion in services—a net contribution of $12 billion.

- Further, from 2000 to 2011, unauthorized immigrants paid $35.1 billion more into Medicare than they withdrew.

- **Unauthorized immigrants pay an estimated $11.7 billion a year in state and local taxes.**

- This includes more than $7 billion in sales and excise taxes, $3.6 billion in property taxes, and nearly $1.1 billion in personal income taxes.

- Granting all unauthorized immigrants legal status would boost their tax contributions an additional $2.2 billion per year.

- Immigrants—even legal immigrants—pay to support many of the benefits they are statutorily barred from receiving.

- **Immigration reform would translate into a significant decrease in the federal budget deficit.**

- The nonpartisan Congressional Budget Office found that S. 744—the Border Security, Economic Opportunity, and Immigration Modernization Act of 2013, which passed in the Senate—would have reduced the budget deficit $135 billion in the first decade after the bill's passage and an additional $685 billion in the second decade, when most unauthorized immigrants would become eligible for citizenship.

- **By contrast, the removal of unauthorized immigrants from the workforce would lead to a 2.6 percent decline in GDP—an average annual loss of $434 billion.**

- Such a policy would reduce the GDP $4.7 trillion over 10 years.

- Mass deportation would additionally cost the federal government nearly $900 billion in lost revenue over 10 years.

- Further, industries could lose large shares of their workforces, up to 18 percent for some.

- **Mass deportation of unauthorized workers would create income losses for large and important industries such as financial activities, manufacturing, and wholesale and retail trade.**

- Annual long-run GDP losses in those industries would reach $54.3 billion, $73.8 billion, and $64.9 billion, respectively.

- **If mass deportation of unauthorized workers were to occur, states with the most unauthorized workers would experience the largest declines in GDP.**

- California would lose an estimated $103 billion, or 5 percent, annually.

- **Texas would lose $60 billion**, New York $40 billion, and New Jersey $26 billion.

- **Mass deportation of the unauthorized immigrant population would also cost the federal government billions of dollars.**

- Deporting the entire unauthorized population would cost $114 billion over 20 years—an average of $10,070 per person removed—including the costs of detaining these individuals while they wait for removal, processing them through the immigration courts, and transporting them abroad.

- My office boasts diversity from legislative interns and fellows with backgrounds from Korea, Uganda, India, and Cambodia.

- Mr. Chairman, to bolster America and keep her great and strong, we need and should welcome immigrants.

- Thank you, I yield back the remainder of my time.

QUESTIONS FOR THE RECORD SUBMITTED BY
The Honorable David Price
House Budget Committee Hearing
Building a More Dynamic Economy: The Benefits of Immigration
June 26, 2019

International Students and Immigration Policy

Universities and other institutions of higher education have reported that their numbers of international student applicants and enrollees have declined during the Trump Administration, with the United States losing bright students to places like Canada and Germany. Additionally, our current international students and our faculty are having a more difficult time with routine visa issues, travelling, etc.

Question (for Tom Jawetz and Dr. Sari Kerr): How have President Trump's restrictive immigration policies harmed our higher education system's competitiveness across the globe?

- Do you have any data to illustrate the trends of international student applications to the United States during this Administration?
- What are the relevant policies that affect an international student's decision to study in the United States?

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Question (for Tom Jawetz and Dr. Sari Kerr): How have President Trump's restrictive immigration policies harmed our higher education system's competitiveness across the globe?

- Do you have any data to illustrate the trends of international student applications to the United States during this Administration?

Answer from Sari Kerr:

The U.S. State Department collects data on visa issuances by category and reports them on a monthly and annual basis. The data can be found at: https://travel.state.gov/content/travel/en/legal/visa-law0/visa-statistics.html

There has been a significant decline in the number of student (F-1) visa issuances since 2015, which saw 644 thousand student visas issued (see below):

Fiscal Year	F-1 visa issuances
2014	595,569
2015	644,233
2016	471,728
2017	393,573
2018	362,929

Not surprisingly, recent surveys from U.S. universities and colleges reflect the same pattern: there has been a significant decline in the applications and new student admittances by non-U.S. students in 2017 and 2018. These numbers are reported, for example, in the Institute for International Education (IIE) fall surveys in 2017 and 2018: While the overall foreign student numbers in the U.S. continue to rise, the new student enrollments fell by 6.6 percent in 2017/18.

Answer from Tom Jawetz:

According to NAFSA, the Association of International Educators, foreign students attending U.S. colleges and universities contributed nearly $40 billion to the U.S. economy in 2017-18 and helped to support more than 455,000 jobs. The Trump administration is jeopardizing these important contributions through a variety of policies that make America a less attractive destination for foreign students. Various iterations of the travel ban have directly and indirectly affected the ability of students from certain countries to enter the United States or, if they are already here and wish to travel abroad to see family or continue their studies, to leave the country. The Trump administration has also taken initial steps to make it harder for some foreign students to work temporarily, before or after graduation, in their field of study, by restricting participation in Optional Practical Training. Moreover, the administration has continued to pursue efforts to rescind the Obama-era rule that permits the H-4 spouses of H-1B holders with approved green card petitions to gain work authorization. Together, these policies create an opening for other countries to offer foreign students and graduates greater opportunities, and could diminish our ability to compete for the world's talent.

- What are the relevant policies that affect an international student's decision to study in the United States?

Answer from Sari Kerr:

While I have not personally researched student immigration, the standard human capital investment theory tells us that individuals choose what and where to study based on a comparison of costs and future benefits of obtaining the degree. The future benefits are largely defined by the employment and earnings prospects upon completing the degree.

Empirical research shows that international students consider, for example, the following factors when deciding whether to study and work abroad:

- Overall motivation to live and work overseas
- Ease of university admissions
- Ease of entry / immigration process
- The availability of university scholarship
- Overall cost of living
- University ranking / quality of education
- Domestic website information (availability of information via internet)
- Ease of finding employment / enhanced job prospects
- High / increased standard of living

In terms of policies that would affect international students, the key consideration is related to their ability to secure employment and a work visa in the United States upon completion of study. In principle there is a pathway to accomplish this, starting with the student visa (F-1), then moving on to the optional practical training visa (OPT), while letting the employer apply for a skilled employee work visa (H-1B, in most cases), and then waiting for a green card (in most cases employer sponsored). The concern is related to the shrinking size of the "funnel" at each step. While the F-1 visas are theoretically only limited by the number of study places in the United States, the OPT length depends on the type of degree (STEM vs. others), there

are only a limited annual number of H-1B visas available for private companies, and the wait for a green card can be very long, depending on nationality. Given the increasing demand on high-skilled labor in all major immigrant receiving countries, these types of uncertainties make it more likely that international students will choose to study and/or work in other countries than the U.S.

The increasing competition for global talent is visible already in the 2010 data, as shown by the increasing share of high-skilled immigrants residing in other OECD countries than the United States (Kerr et al., 2016 and 2017).

Further References:

Sari Pekkala Kerr, William Robert Kerr, Caglar Özden, and Christopher Parsons: "Global Talent Flows", *Journal of Economic Perspectives 30:4, 83-106 (2016).*

Sari Pekkala Kerr, William Robert Kerr, Caglar Özden, and Christopher Parsons: "High-Skilled Migration and Agglomeration", *Annual Review of Economics*9, 204-234 (2017).