

## FACT SHEET: Refugees, Immigrants, & the Economy

Many Americans, mindful of their own immigrant heritage, want the United States to remain a welcoming country for immigrants seeking a better life, but they wonder: can we afford to be welcoming? At a time when many American citizens are struggling financially and when our government's national debt continues to rise, some now think that accepting immigrants is just too expensive.

Interestingly, very, very few economists share this perspective: while there are certainly costs associated with further immigration, almost all economists believe that the economic benefits outweigh the costs. Immigrants contribute as workers, as consumers, as taxpayers, and as entrepreneurs.

Immigrants are, in most cases, working: overall, immigrants have a higher [workplace participation rate](#) (65.2%) than native-born U.S. citizens (62.2%). Some would see immigrants' work as the problem, presuming that employment held by an immigrant necessarily means one job less for a U.S. citizen, but economists believe that immigrants' labor tends to complement the labor of native-born U.S. citizens. That's because, compared to the native-born, immigrants tend to be concentrated at the high- and low-end of the educational attainment spectrum, who are able and/or willing to accept employment that actually benefits the average citizen worker. For example, U.S. citizen workers in an ice cream factory would likely not have *their* jobs if local dairy farms could not identify affordable workers—a role often played by immigrants—and were thus forced out of business.

Immigrants also contribute as consumers: they accept employment, but they also add to the total number of jobs in the local and national economy as they buy groceries, smartphones, automobiles, and all of the other items that every other American purchases. Immigrants make up roughly 15% of the U.S. population, and roughly a corresponding share of the U.S. Gross Domestic Product.

Immigrants are also disproportionately likely to be entrepreneurs, creating new businesses and employing others: according to the [Small Business Administration](#), immigrants begin small businesses at more than double the rate of non-immigrants, each of which employs 8 people, on average. Sometimes those small businesses become big businesses: Sergey Brin, for example, came to the U.S. as a refugee child and began a small business, Google, which is now among the largest corporations in the world, employing tens of thousands of Americans. In fact, 40% of Fortune 500 companies were originally founded by immigrants or their children.

Immigrants also contribute as taxpayers, and their tax contributions, overall, are actually greater than the value of services they receive from the government, creating a net positive fiscal impact in most cases. One study, by the [American Enterprise Institute](#), finds that the average immigrant family contributes \$7,826 in state, federal, and payroll taxes annually, while their families receive \$4,422 worth of major governmental services (including but not limited to Social Security, welfare programs, food stamps, unemployment, Medicare, and Medicaid).

Many presume that undocumented immigrants—who are present unlawfully in the country, and thus not authorized to work—are *not* paying taxes, even if lawfully present immigrants are. Indeed, some unauthorized immigrants work for cash, off the books, and are thus usually not contributing income taxes, but [the Social Security Administration](#) estimate that the majority of undocumented immigrants—an estimated 75%—*are* having payroll taxes deducted from a paycheck. The Social Security Administration reports that it receives as much as [\\$15 billion each year](#) associated with Social Security Numbers that do not match the name, which generally indicates a false Social Security card. However, these undocumented immigrants are not eligible to

receive any Social Security benefits upon reaching retirement age, so they effectively are subsidizing the Social Security system for U.S. citizens.

Even the minority of undocumented immigrant workers who are not having payroll taxes drawn from their paychecks are still contributing through sales and property taxes at the state and local level. In fact, in 2012, undocumented immigrants nationally paid \$11.8 billion in state and local sales, property, and income taxes.

Undocumented immigrants can also *file* their federal income tax returns. The Internal Revenue Service has created a special Individual Taxpayer Identification Number that is valid for those ineligible for a Social Security Number to file and pay their taxes. Millions do so each year, often based on the expectation that some sort of immigration reform will eventually be passed that will have tax filings as a prerequisite for legalization. The Internal Revenue Service has been explicit in their commitment that they will not share undocumented taxpayers' information with the Department of Homeland Security, which highlights the duplicity of federal immigration policy. These undocumented immigrants pay taxes despite the reality that they do not qualify for any of the federal means-tested public benefits for which citizens of a similar income level might qualify, such as food stamps, Medicaid, or subsidized housing.

An additional subset of immigrants who raise economic concerns for many Americans are refugees, who are individuals who were forced to flee persecution in their country of origin, who are admitted lawfully by the U.S. government on a humanitarian basis. Unlike most other immigrants, refugees *do* qualify for most public benefits until their incomes rise to the point that they no longer meet income guidelines, and they also are granted a small amount of initial resettlement assistance. As such, there are more governmental costs related to resettling refugees than other immigrants. However, in the long-term, refugees end up contributing more than they receive as well: [one study](#) found that, on average, refugees begin paying in more than they receive in services and benefits thirteen years after their initial resettlement—and since they tend to live many decades in the United States, the net economic impact is positive. In fact, [a study by the University of Texas](#) found that, in the long-term, refugees actually fare slightly better economically even than other immigrants.

While immigration makes the U.S. more diverse and is a part of our national heritage, almost all economists believe that immigrants—including those who are undocumented and those who come as refugees—actually strengthen the U.S. economy as well.