



COMMITTEE ON THE BUDGET

Chairman John Yarmuth

June 20, 2019

Hearing: Building A More Dynamic Economy – The Benefits of Immigration

Immigrants bolster the economy, our competitiveness, and our fiscal outlook

The strength and vibrancy of the American economy cannot be separated from our long history of welcoming people from around the world. Immigrants make significant contributions to our society and culture, but they also serve as engines for economic growth and innovation, creating new economic opportunities for the American people. The House Budget Committee will hear testimony on June 26th on the critical importance of immigration for the dynamism of our economy and the urgent need for comprehensive, commonsense reform that recognizes the cultural and economic contributions of those who seek to make a home here.

Immigrants foster a dynamic, vibrant, and entrepreneurial economy — Immigrants to our country disproportionately create new businesses and new innovations, promoting a more dynamic and competitive business sector that is vital to our long-term economic growth. First-generation immigrants create [25 percent](#) of all new businesses in the U.S., with the share rising to as much as 40 percent in some states. Moreover, approximately [44 percent](#) of companies in the 2018 Fortune 500, and [60 percent](#) of the 25 most highly valued tech firms, were founded by first- or second-generation immigrants. Many of these entrepreneurs immigrated to the U.S. as children or as students, rather than as highly skilled workers. The entrepreneurialism immigrants bring is especially critical today: business dynamism has [declined](#) over the last several decades, with about [two-thirds](#) of the decline in the startup rate since the 1970s due to the slowdown in labor supply growth. Restricting immigration would further erode business dynamism and jeopardize our nation's standing as the most innovative and competitive economy in the world.

Immigrants grow the economic pie — Immigrants increase the size of our economy, providing new jobs, labor, and consumer demand while boosting productivity. According to [Moody's Analytics](#), doubling the number of immigrants we take in each year – to 2 million, roughly the number that came to the U.S. during the early 2000s – would boost our GDP growth rate from an annual average of 2.0 percent to 2.3 percent through 2030. The [Congressional Budget Office](#) (CBO), moreover, estimated that enacting immigration reform, like the bipartisan legislation approved by the Senate in the 113th Congress, would have boosted real GDP by 5.4 percent, per capita income by 0.2 percent, and average wages by 0.5 percent after 20 years.

Immigrants brighten our long-term fiscal outlook — Immigrants and their native-born descendants contribute billions of dollars to government coffers each year, with unauthorized immigrants alone paying more than [\\$9 billion](#) in federal payroll taxes and nearly [\\$12 billion](#) in state and local taxes

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annually. At the same time, foreign-born individuals have a [more positive](#) net fiscal contribution than their native-born counterparts and receive less support from government programs. The comprehensive reform legislation CBO analyzed in 2013 would have reduced the deficit by nearly [\\$900 billion](#) over the following 20 years – amounting to nearly [\\$5,000](#) of deficit reduction per new legal immigrant per year by the second decade. Increasing the number of immigrants would also substantially improve the financing outlook for Medicare and Social Security, two of the biggest drivers of our long-term budget challenge. Between 2000 and 2011, unauthorized immigrants contributed a [\\$35 billion](#) net surplus to the Medicare Hospital Insurance Trust Fund, extending Trust Fund solvency by one year. By the same token, significantly restricting immigration, as some Republicans propose, would worsen the Social Security trust funds’ unfunded liability by [\\$1.5 trillion](#) over 75 years.

Immigrants rejuvenate an aging workforce — Immigrants help address one of the most pressing economic challenges facing our country: an aging population. Working-age population growth is projected to slow to just 0.3 percent per year over the next decade – a full percentage point below the average pace between 1960 and 2010 – with a whopping [85 percent](#) of that growth projected to come from immigrants. Indeed, without future immigration, our working-age population would fall by nearly [18 million](#) by 2035. By increasing the size of the working-age labor force, immigrants – both “skilled” and “unskilled” – help fill critical labor shortages while providing fuel for our long-term growth.

Immigrants and refugees are less likely to commit serious crimes — Despite President Trump’s repeated claims to the contrary, study after study shows that immigrants – regardless of their [legal status](#) – do not pose threats to our public safety and national security. Foreign-born adults have [fewer](#) criminal justice interactions than their native-born counterparts, and cities with substantial immigrant populations have [lower crime rates](#) on average than those with minimal immigrant populations. [Refugees](#) do not increase crime rates or the incidence of terrorist events either – and they may even help make communities safer. As one [analysis](#) shows, American cities that received the largest inflow of refugees between 2006 and 2015 saw crime rates fall over this period, with violent crime plummeting by as much as 77 percent.

Welcoming migrants and asylum seekers can strengthen our economy and budget — As is the case with immigrants more broadly, refugees and foreigners seeking asylum also have positive economic and fiscal impacts. The U.S. Department of Health and Human Services found that refugees strengthened federal and 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. This tracks with other studies that find that asylum seeker inflows [increase](#) host countries’ GDP and improve government fiscal balance within just a few years of migrants’ arrival. There is simply no compelling economic or security rationale to support President Trump’s inhumane policies against asylum seekers.

The Budget Committee will learn more about the importance of immigration for our long-term growth and competitiveness at this upcoming hearing. Expert witnesses include:

- **Tom Jawetz (Vice President of Immigration Policy, Center for American Progress)**
- **Abdirahman Kahin (Owner, Afro Deli)**
- **Sari Pekkala Kerr, Ph.D. (Senior Research Scientist, Wellesley College)**
- **The Honorable Douglas Nicholls (Mayor of Yuma, Arizona)**