May 1, 2011

Dear Reader,

Despite the numerous studies and carefully detailed statistical reports outlining the positive effects of immigration, there is a great deal of misinformation about the impact of immigration. It is critical that policymakers and the public are educated about the facts behind these fallacies.

The Chamber’s Labor, Immigration & Employee Benefits Division has prepared this pamphlet to refute seven of the most common myths about immigrants coming to our country. We summarize the facts on the relationship of immigrants to Jobs, Wages, Taxes, Population, Crime, Integration, and Welfare.

Our compilation shows that immigrants significantly benefit the U.S. economy by creating new jobs, and complementing the skills of the U.S. native workforce, with a net positive impact on wage rates overall.

Recognizing that legislative solutions are difficult, the U.S. Chamber is also working administratively, to promote regulatory and policy reforms at the relevant federal executive agencies. We hope that these administrative actions, while not replacing the need for comprehensive reform of the nation’s controlling immigration laws, will lead to real improvements in the immigration system.

The U.S. Chamber of Commerce will continue to champion common-sense immigration reforms; and we urge you to join us in our efforts.

Randel K. Johnson

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**JOBS**

**MYTH:** Every job filled by an immigrant – especially an illegal immigrant – is a job that could be filled by an unemployed American.

**FACT:** Immigrants typically do not compete for jobs with native-born workers and immigrants create jobs as entrepreneurs, consumers, and taxpayers.

Employment is not a “zero-sum” game. The U.S. economy does not contain some fixed number of jobs for which immigrants and native-born workers compete. For instance, if the approximately 8 million unauthorized immigrants currently working in the United States were removed from the country, there would not be 8 million job openings for unemployed Americans. Why? Because native-born workers and immigrant workers possess different skills and can not simply be swapped for one another like batteries. And because removing 8 million undocumented workers from the economy also means removing 8 million consumers—and the jobs they support through their spending. If the undocumented population were to vanish, the U.S. economy would contract and the total number of jobs would decrease.

The early 21st century, unlike the early 20th century, features wide differences between the skill sets of native-born workers and immigrants, and thus most native-born workers are not directly competing with immigrants for jobs. For example, current immigrants make up a disproportionately large segment of both the population holding a doctoral degree as well as those without a high school diploma. Even when native-born workers and immigrants work in the same occupation or industry—or the exact same business—researchers find these differences lead to task specialization. In other words, immigrants and native-born workers complement each other far more often than they compete.

Immigrants also create jobs as consumers, entrepreneurs, and inventors. All immigrant workers spend their wages in U.S. businesses—buying food, clothes, appliances, cars, and other products and services. Businesses respond to the presence of new immigrant workers by investing in new restaurants, stores, and production facilities. The end result is more jobs for more workers. For instance, a study by the University of Nebraska, Omaha, estimated that spending by immigrants generated roughly 12,000 jobs for the state of Nebraska in 2006—including more than 8,000 jobs in the Omaha and Lincoln metropolitan areas.

Many immigrants not only spend money in the U.S. economy, but establish new businesses and invent new technologies as well. According to the recent Kauffman Index of Entrepreneurial Activity, foreign-born entrepreneurs in the U.S. are increasingly active in creating jobs through new businesses in the U.S., continuing an upward trend in rates of immigrant entrepreneurship that started in 2006. A report from the Brookings Institution notes that “among people with advanced degrees, immigrants are three times more likely to file patents than U.S.-born citizens.” The report argues that both entrepreneurship and innovation among immigrants “may provide spillover benefits to U.S.-born workers by enhancing job creation and by increasing innovation among their U.S.-born peers.”
As the native-born population grows older and the Baby Boomers retire, immigration is a valuable means of sustaining the U.S. labor force. The Bureau of Labor Statistics (BLS) projects that “replacement needs”—primarily retirements—will generate 34.3 million job openings between 2008 and 2018. In comparison, economic growth is expected to create 15.3 million job openings. Increasingly, immigrants replace older native-born workers who retire from the U.S. labor force.

The native-born population includes relatively few adults who have not earned at least a high-school diploma, and at the same time demand remains relatively high for less-skilled workers. As a recent report from the Federal Reserve Bank of Dallas points out, 64 percent of native-born American workers did not have a high-school diploma in 1950, while fewer than 10 percent lacked a diploma as of 2009. Yet BLS projects that 38 percent of all job openings between 2008 and 2018 will require only short on-the-job training. There are too few less-educated native-born workers willing and able to fill all of the less-skilled jobs which the U.S. economy creates. Less-skilled immigrant workers fill this gap.

At the high-skilled end of the spectrum, immigrants are associated with job creation. A 2008 study found that one-quarter of all engineering and technology-related companies established in the United States between 1995 and 2005 had an immigrant founder or co-founder, and that these companies had $52 billion in sales and 450,000 employees as of 2005. Another 2008 study found that U.S. technology companies which hire highly skilled foreign workers on H-1B visas tend to be expanding. According to the study, for every H-1B worker requested, a company adds an average of five workers to its payroll the following year.

Immigrants do not “steal” jobs from American workers. Immigrants come to the United States to fill jobs that are available, or to establish their own businesses. Research has found that there is no correlation between immigration and high unemployment at the regional, state, or county level. Nor is there any correlation between immigration and high unemployment among minorities. Immigrants go where the jobs are, or they create jobs of their own.

**IMMIGRATION MYTHS AND FACTS**

**WAGES**

**MYTH:** Immigrants drive down the wages of American workers.

**FACT:** Immigrants give a slight boost to the wages of most Americans by increasing their productivity and stimulating investment.

Immigrant workers increase the wages of native-born workers in two ways. First, described in the above discussion about jobs, immigrants and natives tend to differ in the amount of education they have and the skill sets they possess. The jobs which immigrants and natives perform are often interdependent. As a result, immigrants generally serve as complements to, rather than substitutes for, native-born workers. This increases the productivity of natives, which increases their wages. Second, the addition of immigrant workers to the labor force stimulates investment as new restaurants and stores open, new homes are built, etc. This increases the demand for labor, which exerts upward pressure on wages.

The wage increase which native-born workers experience as a result of immigration is not large, but it is an increase. A 2010 report from the Economic Policy Institute estimated that, from 1994 to 2007, immigration increased the wages of native-born workers by 0.4 percent. The amount of the wage gain varied slightly by the education level of the worker. Wages increased as follows for each education level: 0.4 percent for college graduates, 0.7 percent for those with some college, 0.3 percent for high school graduates, and 0.3 percent for those who did not complete high school. Similarly, a 2008 study by economist Giovanni Peri estimated that, from 1990 to 2006, immigration increased the wages of native-born workers by 0.6 percent. In Peri’s study, wages were shown to increase as follows: 0.5 percent for college graduates, 0.9 percent for those with some college, 0.4 percent for high school graduates, and 0.3 percent for those who did not complete high school.
Local-level studies have reached similar conclusions about the positive impact of immigration on wages. Studies of two communities which experienced a large influx of immigrants over a short time period (Dawson County, Nebraska and Miami, Florida) found that wages increased—even for less-skilled workers who were most likely to be in competition for jobs with new immigrants. Likewise, a study of more than 100 cities by economist David Card found that the wages of natives tend to be higher in cities with large immigrant populations.

**MYTH:** Immigrants will “over-populate” the United States.

**FACT:** Immigrants will replenish the U.S. labor force as the Baby Boomers retire.

The U.S. economy is facing a demographic challenge as roughly 77 million Baby Boomers (one-quarter of the U.S. population) are now reaching retirement age. This wave of retirement over the next two decades will have a profound economic impact. The Social Security and Medicare systems will be stretched to the breaking point. Labor-force growth will fall. And a smaller number of workers and taxpayers will support a growing number of retirees. Under these circumstances, immigrants will play a critical role in replenishing both the labor force and the tax base.

BLS projects that, between 2008 and 2018, the U.S. population age 55 and older will increase by nearly 21 million—reaching 91.6 million, or 35.4 percent of all people in the country. As more and more of these older Americans retire, labor-force growth will fall. BLS expects annual labor-force growth to average 0.8 percent between 2008 and 2018—down from 1.1 percent between 1998 and 2008. According to BLS, labor-force growth would decline even more over the coming decade if not for the influx of immigrants into the labor market.

Immigrant workers will do more than replace retirees in the workforce. They will also look after the retirees themselves. BLS expects that the aging of the U.S. population will generate a high demand for healthcare workers of all kinds, both high-skilled and less-skilled.

Between 2008 and 2018, employment is projected to increase by 28.8 percent in healthcare support occupations, 21.4 percent in healthcare practitioner and technical occupations, and 20.4 percent in personal care and service occupations.
TAXES

MYTH: Undocumented immigrants do not pay taxes.

FACT: Undocumented immigrants pay billions of dollars in taxes each year, often for benefits they will never receive.

Undocumented immigrants pay sales taxes, just like every other consumer in the United States. Undocumented immigrants also pay property taxes—even if they rent housing. More than half of undocumented immigrants provide their employers with counterfeit identity documents, so federal and state income taxes, Social Security taxes, and Medicare taxes are automatically deducted from their paychecks. However, undocumented immigrants working “on the books” with false documents are not eligible for any of the federal or state benefits that their tax dollars help to fund.36

Undocumented immigrants provide an enormous subsidy to the Social Security system in particular. Each year, Social Security taxes are withheld from billions of dollars in wages earned by workers whose names and Social Security numbers do not match the records of the Social Security Administration (SSA). According to the SSA, “a major portion” of these mismatched wages are earned by undocumented immigrants using fake documents.37 As of October 2009, these wages—which are tracked through the SSA’s Earnings Suspense File (ESF)—totaled $836 billion.38

Tax payments by undocumented immigrants and their families are also sizeable at the state and local level. The Institute for Taxation and Economic Policy estimates that households headed by undocumented immigrants paid $11.2 billion in state and local taxes in 2010. That included $1.2 billion in personal income taxes, $1.6 billion in property taxes, and $8.4 billion in sales taxes. The states receiving the most tax revenue from households headed by undocumented immigrants were California ($2.7 billion), Texas ($1.6 billion), Florida ($806.8 million), New York ($662.4 million), and Illinois ($499.2 million).39

Other studies have yielded similar findings. The Texas State Comptroller estimated that undocumented immigrants in Texas generate $1.6 billion per year in state tax revenue.40 In Georgia, the annual tax contributions of undocumented immigrants are estimated at $215.6 million to $252.5 million.41 In Colorado, undocumented immigrants pay between $159 million and $194 million.42 In Oregon, they pay between $134 million and $187 million—plus, Oregon employers pay between $97 million and $136 million in taxes on behalf of undocumented workers.43 In Iowa, undocumented immigrants pay $40 million to $62 million—and their employers contribute $50 million to $77.8 million on their behalf.44

WELFARE

MYTH: Immigrants come to the United States for welfare benefits.

FACT: Undocumented immigrants are not eligible for federal public benefit programs, and legal immigrants face stringent eligibility restrictions.

 Undocumented immigrants are not eligible for federal public benefits such as Social Security, Supplemental Security Income (SSI), Temporary Assistance for Needy Families (TANF), Medicaid, Medicare, and food stamps. Even most legal immigrants cannot receive these benefits until they have been in the United States for five years or longer, regardless of how much they have worked or paid in taxes.45 Given these restrictions, it is not surprising that U.S. citizens are more likely to receive public benefits than are non-citizens.46

A number of state studies have demonstrated that, on average, immigrants pay more in taxes than they receive in government services and benefits. For instance, a study in Arizona found that the state’s immigrants generate $2.4 billion in tax revenue per year, which more than offsets the $1.4 billion worth of educational, health-care, and law-enforcement resources they utilize.47 A study in Florida
estimated that, on a per-capita basis, immigrants in the state pay nearly $1,500 more in taxes than they receive in public benefits such as Social Security, SSI, disability income, veterans’ benefits, unemployment compensation, TANF, food stamps, housing subsidies, energy assistance, Medicare, and Medicaid. Nonetheless, some studies have sought to demonstrate that households headed by immigrants make costly use of public-benefits programs. Invariably, most of the “costs” calculated by such studies are for programs utilized by the native-born, U.S.-citizen children of immigrants. These children are counted as a “cost” of immigration if they are under 18, but as part of the native-born population if they are working, taxpaying adults. Yet all people are “costly” when they are children who are still in school and have not yet entered the workforce and become taxpayers. Economists view expenditures on healthcare and education for children as investments that pay off later when those children become workers and taxpayers because healthy, well-educated children are more productive, earn higher wages, and pay more in taxes when they become adults.

**INTEGRATION**

**MYTH:** Today’s immigrants are not assimilating into U.S. society.

**FACT:** Today’s immigrants are buying homes and becoming U.S. citizens.

Throughout U.S. history, each new group of immigrants has been accused of not assimilating into U.S. society. The Italian, Polish, and Eastern European immigrants who came here at the end of the 19th century faced this accusation, and subsequently proved it wrong as they and their children learned English, bought homes, got better jobs, became U.S. citizens, etc. The Latin American and Asian immigrants who have come here more recently now face the same accusation. As with their predecessors, they are proving that accusation to be false. They, and their children, are integrating into U.S. society and climbing the socioeconomic ladder over time.

A study by demographer Dowell Myers demonstrates the integration and socioeconomic progress of immigrants over the course of two decades. Myers focuses on those immigrants who came to the United States between 1985 and 1989. He uses Census data to take a socioeconomic snapshot of these long-term immigrants in 1990 and, again, in 2008—after they had lived in the United States for 18 years. The data indicate that, since coming here, a growing number of long-term immigrants have bought homes, earned higher wages, and become U.S. citizens. Between 1990 and 2008, the share of these immigrants who owned homes jumped from 16 percent to 62 percent. The share who earned incomes above the “low-income” level rose from 35 percent to 66 percent. The share who were U.S. citizens grew from 7 percent to 56 percent. Similarly, an analysis by the Department of Homeland Security’s Office of Immigration Statistics found that, among immigrants who became legal permanent residents (LPRs) from the early 1970s through mid-1980s, up to 63 percent had become U.S. citizens by 2008.

Most recently, reports on the flow of immigrants show that LPRs today are seeking naturalization earlier than the mid-1980s, confirming that today’s immigrants are learning English as well as becoming familiar with American civics and government (all of which are required for naturalization). In 1985 naturalized
citizens waited an average of eight years in LPR status before naturalizing, with immigrants from North America waiting a median of 13 years. In 2010 the median time in LPR status before naturalization was six years (since most immigrants must maintain legal permanent resident status for five years before requesting naturalization, and the process can take about a year, this means that immigrants today are integrating into society and seeking naturalization as quickly as possible), with immigrants from North America waiting an average of 10 years.\textsuperscript{52}

Integration and upward mobility are most apparent among the children of immigrants. According to surveys by the Pew Hispanic Center, only 48 percent of Latino immigrants report that they speak English “very well,” but this figure rises to 98 percent among the children of immigrants.\textsuperscript{53} A study by economist James P. Smith found that the wages and educational attainment of Latino men increase significantly from generation to generation, especially when compared to non-Latino white men. Latino immigrant men born during 1895-1899 earned 60.5 cents for every dollar earned by the white men of the time, and had 4.0 years less schooling. Their adult sons, however, earned 76.3 cents for every dollar earned by white men and had 2.1 years less schooling—and their grandsons earned 81.9 cents on the dollar and had 1.6 years less schooling.\textsuperscript{54}

The number of undocumented immigrants tripled, from 3.5 million to 11.1 million, so that the undocumented in 1990 were about 18% of the number of all immigrants in the U.S. and in 2009 were about 29% of the immigrant population.\textsuperscript{56} Yet the violent crime rate declined by 41 percent and the property crime rate fell by 40 percent.\textsuperscript{57} A report from the conservative Americas Majority Foundation found that crime rates are \textit{lowest} in states with the \textit{highest} immigration growth rates. In 2006, the 10 states with the most pronounced, recent increases in immigration had the lowest rates of crime in general and violent crime in particular.\textsuperscript{58}

Immigrants are much less likely to be behind bars than native-born Americans. A study by sociologist Rubén Rumbaut found that, among young men, incarceration rates are lowest for immigrants. This holds true regardless of ethnicity or educational attainment, even for the Mexicans, Salvadorans, and Guatemalans who comprise the majority of the undocumented population.

In 2000, the incarceration rate for young immigrant men was only 0.7 percent—five times \textit{lower} than the 3.5 percent incarceration rate among young native-born men.\textsuperscript{59} A study by the Public Policy Institute of California yielded similar results. The study found that, in 2005, the incarceration rate for foreign-born adults in California was 297 per 100,000—compared to 813 per 100,000 for native-born adults. Moreover, immigrants made up 35 percent of California’s adult population, but only 17 percent of the state prison population.\textsuperscript{60}

These studies are only the most recent in a very long line of research demonstrating that immigrants are \textit{less} likely than native-born Americans to commit crimes or to be incarcerated. During the last period of large-scale immigration at the beginning of the 20th century, three federal commissions reached this conclusion. So did the U.S. Commission on Immigration Reform in a 1994 report. And so have academic researchers using data from the 1980, 1990, and 2000 Census; the National Longitudinal Study of Adolescent Health; and community studies in Chicago, San Diego, El Paso, and Miami.\textsuperscript{61}
Endnotes


6 Id.


14 Id.


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23 Id. At p.1.


42 Robin Baker and Rich Jones, State and Local Taxes Paid in Colorado by Undocumented Immigrants (Denver, CO: The Bell Policy