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Inclusive Approach to Immigrants Who Are Undocumented Can Help Families and States Prosper

by Erica Williams, Eric Figueroa, and Wesley Tharpe

In sharp contrast to the Trump Administration’s harmful rhetoric and administrative actions targeting immigrants, which have created a climate of fear — especially among families with immigrants who are undocumented — a number of states have adopted pragmatic policies designed to treat all people fairly and give all individuals an opportunity to thrive. This inclusive approach makes sense and holds true to our nation’s often-stated ideals, ideals which United States immigration policies have not always respected, and evidence shows it can foster community well-being and improve state economies. Harsh anti-immigrant policies, in contrast, harm workers and their children and likely weaken the economy.

People who are undocumented make sizable contributions to their state’s economy and finances, as well as their local community. Like other residents, they work, pay taxes, and shop at local businesses. The nation’s estimated 11 million immigrants who are undocumented pay nearly \$12 billion annually in state and local taxes, for instance, a sum that could grow to nearly \$14 billion if they had a pathway to citizenship.¹ They also enrich their extended families and communities just as other residents do — through everyday activities such as visiting their place of worship, mentoring young people, and volunteering.

However, many immigrants who are undocumented can only operate at the margins of the mainstream economy due to the lack of broader federal immigration reform, the Trump Administration’s harsh immigration policies, and the efforts of some state lawmakers to follow suit. That hurts immigrant families, their communities, and their state’s economy. For example, unscrupulous employers can exploit immigrants without work authorization by paying them less than the minimum wage (or avoiding paying them for work performed) and subjecting them to poor working conditions — undercutting wages and job quality for U.S.-born workers and immigrants with work authorization. Lack of access to driver’s licenses creates a steep hurdle for people who are undocumented and are looking to find a better job, while also increasing risk of deportation. And denying in-state college tuition and student aid to state residents who are undocumented prevents

¹ Lisa Christensen Gee *et al.*, “Undocumented Immigrants’ State and Local Tax Contributions,” Institute on Taxation and Economic Policy, March 2017, <https://itep.org/wp-content/uploads/ITEP-2017-Undocumented-Immigrants-State-and-Local-Contributions.pdf>.

them from building skills, creating new ideas or products, or pursuing careers in areas like education and medicine that could benefit all residents.

States can't make up for federal policymakers' longstanding failure to create a pathway for people without work authorization to become lawful permanent residents or gain authority to work in the U.S. And they should reject fear-inducing, counterproductive policies such as deputizing local police officers to enforce federal immigration policies. Instead, states can strive to treat all people with dignity and maximize the contributions of all of their residents, regardless of origin or legal status. Giving all residents access to economic opportunity would enable them to earn higher wages, spend more in the economy, and contribute more to the tax base from which states fund schools and other investments that are critical to a strong economy.

This report recommends four ways that state and local policymakers can better integrate immigrants into the mainstream economy:

- Allowing immigrants who are undocumented to obtain driver's licenses, which would not only help them get better jobs but could improve public safety and modestly reduce insurance premiums.
- Allowing students regardless of documentation to pay in-state tuition at public colleges and universities and to obtain state financial aid, which over time would boost the skills and wages of the state workforce.
- Strengthening labor law enforcement to ensure that all workers, regardless of immigration status, are paid what they earn and to help level the playing field for both businesses and workers in the state.
- Expanding access to health coverage to all children regardless of immigration status, which can lead to better long-term health outcomes, greater high school and college completion, and long-term economic benefits for the child and for states and local communities.

At a time when many federal policies are creating widespread fear and harming people who are undocumented, states can take a better path. By choosing a pragmatic, humane approach, state policymakers can produce a more educated workforce, ensure that more workers are paid fairly, and raise more revenue to help pay for the schools and other public services that form a strong foundation for broadly shared prosperity.

Immigrants Who are Undocumented Are Integral Parts of Their Communities

The number of people who are undocumented in the United States declined by roughly 1.7 million between 2007 and 2017 (the latest year available), from about 12.2 million to about 10.5 million.² Most of the decline reflected a precipitous drop in migration from Mexico, which fell by an estimated 2 million annually between 2007 and 2017.³ Increases in the number of undocumented

² Jeffery S. Passell and D'vera Cohn, "Mexicans decline to less than half the U.S. unauthorized immigrant population for the first time," Pew Research Center, June 12, 2019, <https://www.pewresearch.org/fact-tank/2019/06/12/us-unauthorized-immigrant-population-2017/>.

³ *Ibid.*

have been here for more than ten years, and roughly a fifth for 20 years or more.⁸ Many have gotten married, often to native-born people or immigrants authorized to be in this country. Additionally, many are parents to U.S.-born children — roughly 4 million U.S. citizen children have at least one parent who lacks legal status.⁹ More than one-third of residents who are undocumented own their own homes, with ownership rates approaching 50 percent in Michigan, New Mexico, Kansas, and Texas.¹⁰ (See Appendix I for more information.)

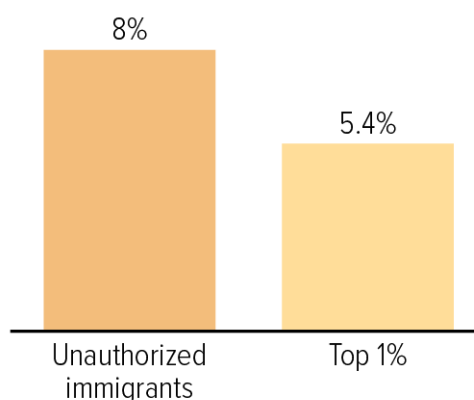
As workers, immigrants who are undocumented also contribute to the state and national economy. Nationwide, they are employed at a rate 9 percentage points higher than the native-born population and have an unemployment rate comparable to U.S.-born workers.¹¹

Like all other workers, immigrants who are undocumented pay state, local, and federal taxes. For instance, they pay nearly \$12 billion in state and local sales, income, and property taxes annually and would pay nearly \$14 billion if provided a pathway to citizenship, the Institute on Taxation and Economic Policy estimates.¹² In fact, households headed by a person who is undocumented actually pay a *larger* share of their income in state and local taxes than the highest-income 1 percent of U.S. households.¹³ (See Figure 2.) Nationally, the Social Security Administration estimates that workers without authorization contributed a net \$12 billion to Social Security trust funds in 2010 through federal payroll taxes.¹⁴ Their contributions thus help finance public services and programs that benefit U.S. residents generally, though many such programs are unavailable to residents who are undocumented. (See Appendix II for state-by-state estimates of the state and local tax contributions of people with undocumented status.)

FIGURE 2

Immigrants Who Are Undocumented Pay More of Their Income in State & Local Taxes Than Top 1%

Average effective state and local tax rate, nationally



Source: Institute on Taxation and Economic Policy

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⁸ “State-Level Unauthorized Population and Eligible-to-Naturalize Estimates,” Center for Migration Studies, accessed June 6, 2019, <http://data.cmsny.org/state.html>.

⁹ Julia Gelatt and Jie Zong, “Settling In: A Profile of the Unauthorized Immigrant Population in the United States,” Migration Policy Institute, November 2018, <https://www.migrationpolicy.org/research/profile-unauthorized-immigrant-population-united-states>.

¹⁰ *Ibid.*

¹¹ *Ibid.*

¹² Gee, 2017.

¹³ *Ibid.*

¹⁴ Stephen Goss *et al.*, “Effects of Unauthorized Immigration on the Actuarial Status of the Social Security Trust Funds,” Social Security Administration, April 2013, http://www.ssa.gov/oact/NOTES/pdf_notes/note151.pdf.

Administration Actions Creating Fear Among Immigrants

The Trump Administration has taken numerous steps with harmful short- and long-term consequences for immigrant families – regardless of their immigration status – and their communities.^a Since January 2017, it has:

- Stepped up immigration arrests in line with the President’s executive order listing virtually any immigrant without legal immigration status as a priority for deportation. This is a departure from the prior policy, which identified specific groups of immigrants who are undocumented as priorities, such as persons believed to be national security threats, those convicted of certain crimes, or gang members.
- Declared an end to the Deferred Action for Childhood Arrivals (DACA) program, which shielded from deportation about 800,000 undocumented immigrants who were brought to the United States by their immigrant parents and permitted them to work and drive legally in the United States. (Court injunctions have halted the Administration action.)
- Announced that it will end Temporary Protected Status (TPS) for about 390,000 immigrants from Central America, Haiti, Nepal, and Sudan. TPS is granted to foreign nationals who cannot return to their homelands, which are unsafe or cannot handle their return. TPS allows individuals to work and drive legally in the United States. An estimated 273,000 U.S.-born children whose parents are TPS recipients from El Salvador, Honduras, and Haiti will have to leave, remain without authorization, or separate from their parents due to this policy change.
- Supported a provision of the 2017 tax law that eliminated the Child Tax Credit for roughly 1 million low-income children in working families who lack a Social Security number, even though their parents pay payroll taxes and other taxes.
- Instituted a rule that makes sweeping changes to immigration policy that would result in large numbers of individuals being denied lawful permanent residence status, the ability to extend their stay, to change their status, or to enter the United States if they are determined to have used or are likely to use various public benefits.
- Endorsed legislation that would harm immigrant communities, including bills that would: deny basic food and medical assistance to family members of new immigrants, bar “sanctuary cities” (those that limit their involvement with federal immigration enforcement) from receiving many federal grants, and increase penalties for persons charged criminally for reentry into the United States.
- Proposed the inclusion of a citizenship question on the 2020 decennial census, which could have discouraged immigrants regardless of their status from participating in the survey. (The Supreme Court blocked the Administration’s attempt.)
- Proposed a rule change that could cause large numbers of citizens and eligible immigrants to lose federal housing assistance and could lead to the break-up of families.
- Used inflammatory, racist rhetoric against immigrants and people of color, which has amplified fear and stress among immigrants by intimidating them and fomenting discriminatory acts against them.

^a For more, see Danilo Trisi and Guillermo Herrera, “Administration Actions Against Immigrant Families Harming Children Through Increased Fear, Loss of Needed Assistance,” Center on Budget and Policy Priorities, May 15, 2018, <https://www.cbpp.org/sites/default/files/atoms/files/5-15-18pov.pdf>; Robert Greenstein, “Administration’s Proposed Housing Rule Would Cause Thousands to Lose Their Homes, Most of Them Children,” Center on Budget and Policy Priorities, May 10, 2019, <https://www.cbpp.org/press/statements/administrations-proposed-housing-rule-would-cause-thousands-to-lose-their-homes>; Arloc Sherman, “Census Chief Scientist: Citizenship Question Reduces Accuracy, Raises Costs,” Center on Budget and Policy Priorities, June 12, 2018, <https://www.cbpp.org/blog/census-chief-scientist-citizenship-question-reduces-accuracy-raises-costs>.

Four Inclusive Policies That Help Immigrants and States Prosper

States should consider four policies that can make states more inclusive and ensure that all of their residents have the opportunity to live healthy and prosperous lives:

1) Providing equal access to driver's licenses. Roads are safest when all drivers are tested, licensed, and insured. Giving all immigrants access to driver's licenses would help achieve those goals and may reduce traffic fatalities.¹⁵ It could also improve public safety more broadly by enabling law enforcement to focus on more pressing issues than processing unlicensed drivers through local jails and courts.

Allowing undocumented people to obtain driver's licenses would also help immigrant workers contribute as much as possible to state economies and tax systems. With a license, they can more easily get to work, shop, and drive their children to the doctor.¹⁶ In addition, licenses for immigrants would help employers who need workers to operate vehicles in order to conduct their business. And if licenses give workers who are undocumented access to a wider array of jobs, they can better avoid exploitative employers and find jobs that best match their skills, boosting their wages and allowing them to more fully use their talents — to the benefit of state economies.

States may also enjoy a modest revenue increase from growth in sales taxes, licensing fees, and vehicle registration fees as newly licensed drivers purchase, register, and maintain cars.¹⁷ Additionally, allowing driver's licenses regardless of immigration status may reduce insurance premiums for all drivers, as research suggests that premiums are modestly higher in states that restrict access to licenses.¹⁸

Currently, 15 states, the District of Columbia, and Puerto Rico allow immigrants to get driver's licenses regardless of status.¹⁹ (See Figure 3.)

¹⁵ Deborah Gonzalez, Peter Margulies, and J. Alejandro Tirado-Alcaraz, "A Legal and Policy Analysis of Driver's Licenses for Undocumented Rhode Islanders," Latino Policy Institute at Roger Williams University, June 2016, http://www.rifuture.org/wp-content/uploads/drivers-license_report-legal.pdf.

¹⁶ See, for example, Mary C. King *et al.*, "Assessment of the Socio-economic Impacts of SB 1080 on Immigrant Groups," Oregon Department of Transportation Research Section, June 2011, <https://www.oregon.gov/ODOT/Programs/ResearchDocuments/SB1080.pdf>.

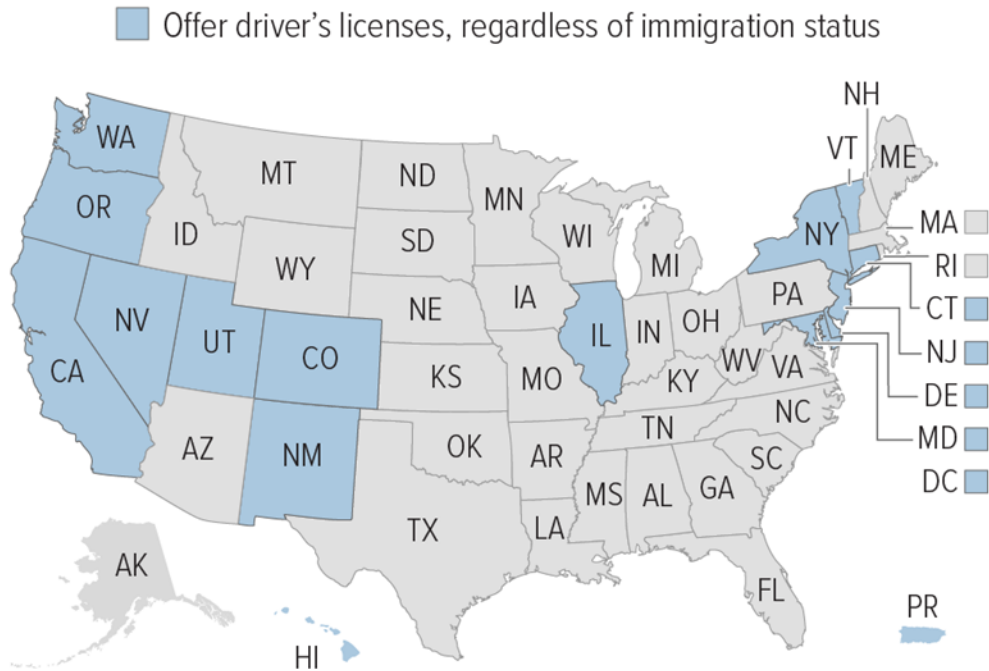
¹⁷ States would lose revenues from fines assessed for not having a license, but that likely wouldn't outweigh the increase in licensing fees, since relatively few people are fined for driving without a license. For more on the boost in vehicle sales and revenue impact on New York State, see David Dyssegaard Kallick and Cyiera Roldan, "Expanding Access to Driver's Licenses: Getting a License Without Regard to Immigration Status," Fiscal Policy Institute, January 31, 2017, <http://fiscalpolicy.org/wp-content/uploads/2017/01/FINAL-Drivers-licenses-report-2017.pdf>.

¹⁸ Mauricio Caceres and Kenneth P. Jameson, "The Effects on Insurance Costs of Restricting Undocumented Immigrants' Access to Driver Licenses," Southern Economic Association, February 26, 2015.

¹⁹ National Immigration Law Center, "State Laws Providing Access to Driver's Licenses or Cards, Regardless of Immigration Status," May 2017, <https://www.nilc.org/wp-content/uploads/2015/11/drivers-license-access-table.pdf>.

FIGURE 3

15 States Plus DC and Puerto Rico Have Inclusive Driver's License Policies for Immigrants



Source: National Immigration Law Center

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2) Providing equal access to in-state college tuition and financial assistance. The U.S. Constitution guarantees all children, no matter their immigration status, a place in public K-12 schools. This helps children reach their potential and provides state economies with the educated workers of tomorrow. Similarly, states should give all of their college-bound residents access to their higher education systems at in-state tuition rates. Otherwise, states miss an opportunity to get the most from their substantial investments on the nearly 100,000 undocumented students graduating annually from high school, most of whom cannot afford out-of-state tuition rates.²⁰ Research shows that states where a larger share of residents have a college education are better positioned to compete for high-wage jobs in the future and will prosper more over the long term.²¹

Improving access to in-state tuition for students regardless of their status not only increases the likelihood that more students will attend a state's colleges and universities, but also may increase the

²⁰ Jie Zong and Jeanne Batalova, "How Many Unauthorized Immigrants Graduate from U.S. High Schools Annually?" Migration Policy Institute, April 2019, <https://www.migrationpolicy.org/sites/default/files/publications/UnauthorizedImmigrant-HS-Graduates-FactSheet-Final.pdf>.

²¹ Noah Berger and Peter Fisher, "A Well-Educated Workforce Is Key to State Prosperity," Economic Policy Institute, August 22, 2013, <https://www.epi.org/publication/states-education-productivity-growth-foundations/>.

share of immigrant students who graduate from high school by offering them a powerful reason to stay in school.²² The high school dropout rate for foreign-born, non-citizen Mexican students fell by 7 percentage points in states that adopted an in-state resident tuition policy, without any apparent negative effects on the academic achievement of U.S.-born students, according to one study.²³

In addition, more education typically means higher earnings — for youth who are undocumented or anyone else. College graduates earn about \$24,000 more a year than their peers with only a high school diploma, on average.²⁴ Higher earnings mean more money circulating through local stores and businesses and more public revenue for state investments in services that benefit everyone, like safe roads and public schools.

Twenty-one states plus the District of Columbia have adopted “tuition equity” laws or policies enabling students who meet certain criteria, regardless of immigration status, to pay in-state tuition rates at some or all public universities and colleges. (See Figure 4.) Twelve of these states and D.C. also offer state financial aid to undocumented students who are eligible for in-state tuition.²⁵ Access to state financial aid removes a critical barrier to enrollment and can boost college completion rates.²⁶ By offering in-state tuition and access to state financial aid, states help aspiring college-goers achieve their goals while maximizing their return on investment and helping build a more prosperous future.

²² Stella M. Flores, “State Dream Acts: The Effect of In-State Resident Tuition Policies and Undocumented Latino Students,” *Review of Higher Education*, 2010; Neeraj Kaushal, “In-State Tuition for the Unauthorized: Education Effects on Mexican Young Adults,” *Journal of Policy Analysis and Management*, 2008, <https://www.dartmouth.edu/~ethang/Lectures/Class17/Kaushal2008.pdf>. The latter study looked at college enrollment before and after California, New York, Texas, and Utah adopted in-state tuition policies.

²³ Stephanie Potochnick, “How States Can Reduce the Dropout Rate for Unauthorized Immigrant Youth: The Effects of In-State Resident Tuition Policies,” Department of Public Policy, University of North Carolina Chapel Hill, paper presented at PAA Conference, March 31-April 2, 2011, <http://paa2011.princeton.edu/papers/110491>. The study examined drop-out rates in California, Illinois, Kansas, Nebraska, New Mexico, New York, Oklahoma, Texas, Utah, and Washington before and after passage of in-state tuition policies.

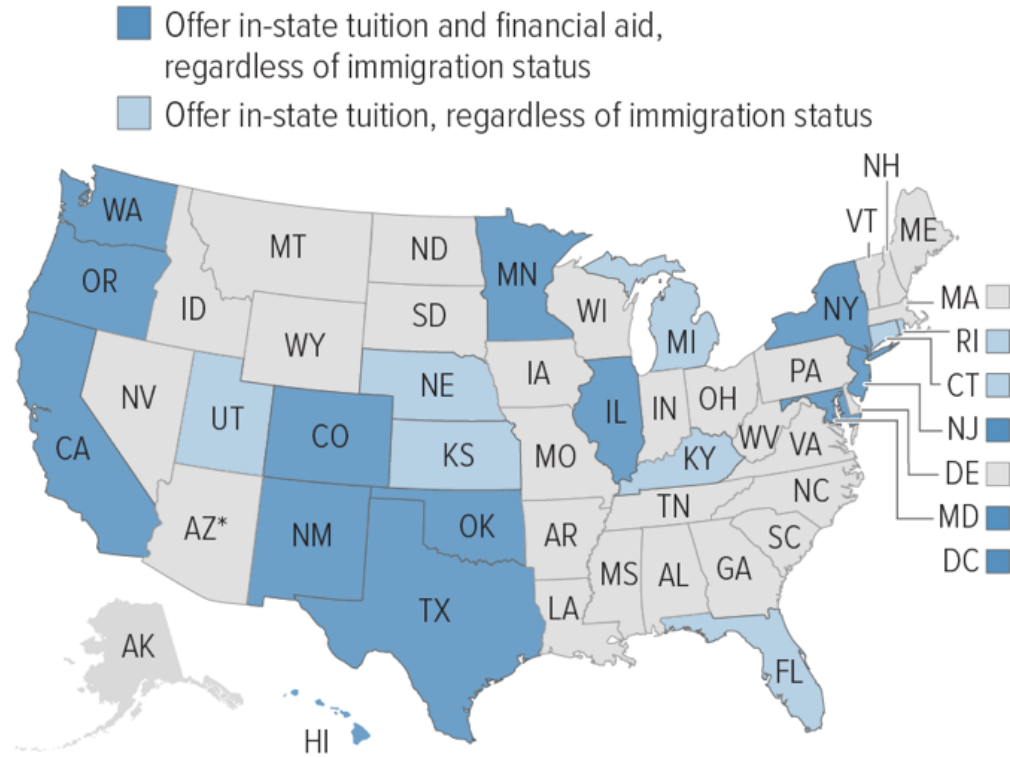
²⁴ Elka Torpey, “Education Pays,” Bureau of Labor Statistics, February 2019, https://www.bls.gov/careeroutlook/2019/data-on-display/education_pays.htm. Data are for persons age 25 and over. Earnings are for full-time wage and salary workers.

²⁵ “Laws & Policies Improving Access to Higher Education for Immigrants,” National Immigration Law Center, June 2018, <https://www.nilc.org/wp-content/uploads/2017/10/table-access-to-ed-toolkit.pdf>; Christina Goldbaum, “Dream Act Is Approved in N.Y. to Aid Undocumented Students, in Rebuke to Trump,” *New York Times*, January 23, 2019, <https://www.nytimes.com/2019/01/23/nyregion/dream-act-bill-passed.html>.

²⁶ Erika J. Nava and Gordon MacInnes, “Access to Financial Aid is Essential to Give Undocumented New Jerseyans a Better Shot at a College Education,” *New Jersey Policy Perspectives*, July 2016, <http://www.njpp.org/wp-content/uploads/2016/07/NJPPTuitionEquityJuly2016.pdf>; Dylan Conger and Colin C. Chellman, “Undocumented College Students in the United States: In-State Tuition Not Enough to Ensure Four-Year Degree Completion,” *Institute for Education and Social Policy*, March 2013, https://steinhardt.nyu.edu/scmsAdmin/media/users/ggg5/Undocumented_EFPRevision_Policy_Brief_03_15_13.pdf; Amanda P. Gaulke, “In-State Tuition for Undocumented Immigrants and the Effect on In-State Versus Out-of-State Students,” *Kansas State University*, December 28, 2017, <https://www.ssc.wisc.edu/~agaulke/wp-content/uploads/2014/09/instate-2.pdf>.

FIGURE 4

21 States Plus DC Have Inclusive Higher Education Policies for Immigrants



*Arizona now provides a tuition rate to immigrants who are undocumented that is 150 percent of the state's in-state rate.

Note: Policies in Hawaii, Kentucky, Michigan, Oklahoma, and Rhode Island are set by Boards of Regents or their equivalents, not state lawmakers.

Source: National Immigration Law Center and state higher education policies

Some States Imposing Anti-Immigrant Policies

Some states have considered or adopted harsh anti-immigrant policies in recent years. The most egregious may be Arizona's so-called "show me your papers" law enacted in 2010, which (among other things) allowed police to stop and arrest — without probable cause — anyone they suspected of being in the country without authorization.^a Alabama and Georgia enacted similarly harsh measures in 2011, large parts of which were eventually struck down by the courts — as was much of Arizona's law.^b In 2018, Texas enacted a law banning sanctuary cities, as did Iowa and Tennessee. Florida and Georgia considered, but did not enact, broad anti-immigrant packages that same year, though Florida did approve a package in 2019.^c And, the number of localities signing 287(g) agreements, which deputize local law enforcement to carry out federal immigration law, has skyrocketed during the Trump Administration.^d

These policies risk serious harm to individuals and the economy, both now and over the long haul. In the short run, targeting undocumented immigrants for detention and deportation causes the entire household to lose significant income. Undocumented immigrants are often a family's primary breadwinner, so removing someone for a minor infraction can create a financial disaster; in one study, immigrant families' incomes fell by 70 percent on average after a parent was detained.^e Another recent study found that in 40 jurisdictions nationwide with a 287(g) agreement, households with at least one undocumented immigrant contributed an estimated \$221 billion in spending power (that is, disposable income) and \$26 billion in state and local revenue; deporting workers in these households would weaken the local economy and tax base.^f

Anti-immigrant policies also can harm businesses. For example, Georgia's anti-immigrant measures caused a sizable worker shortage in the state's agriculture industry, causing an estimated \$140 million worth of crop losses for farmers in the first growing season following enactment.^g

The longer-term human and economic consequences of anti-immigrant policies are likely far greater due to their impact on children.^h Research shows that children whose parents are deported suffer severe psychological trauma, especially if they witness the arrest.ⁱ Children whose families are separated or lose parental income could also lose a stable home or be transferred into the foster care system, among other negative impacts.^j Such outcomes not only are deeply undesirable for the young people directly affected but also undermine long-term economic growth and community well-being by preventing children — most of whom are U.S. citizens — from realizing their full potential.

a "Arizona's Immigration Enforcement Laws," National Conference of State Legislatures, accessed June 12, 2019, <http://www.ncsl.org/research/immigration/analysis-of-arizonas-immigration-law.aspx>.

b Benjy Sarlin, "How America's Harshest Immigration Law Failed," MSNBC, updated May 9, 2014, <http://www.msnbc.com/msnbc/undocumented-workers-immigration-alabama>; Robbie Brown, "Georgia Gives Police Added Power to Seek Out Illegal Immigrants," New York Times, May 13, 2011, <https://www.nytimes.com/2011/05/14/us/14georgia.html>; Nigel Duara, "Arizona's Once-Fearful Immigration Law, SB 1070, Loses Most of Its Power in Settlement," Los Angeles Times, September 15, 2016, <https://www.latimes.com/nation/la-na-arizona-law-20160915-snap-story.html>.

c Manny Fernandez, "Texas Banned 'Sanctuary Cities.' Some Police Departments Didn't Get the Memo," New York Times, March 15, 2018, <https://www.nytimes.com/2018/03/15/us/texas-sanctuary-sb4-immigration.html>; "The 2018 Florida Legislative Session Wrap-up," American Civil Liberties Union of Florida, <https://www.acluf.org/en/legislation/2018-florida-legislative-session-wrap>; Wesley Tharpe, "All Georgians Stand to Lose from Immigrant Crackdown Measure," Georgia Budget and Policy Institute, March 9, 2018, <https://gbpi.org/2018/georgians-stand-lose-immigrant-crackdown-measure/>; "This is Not Over: 2019 Legislative Session Report," American Civil Liberties Union of Florida, https://www.acluf.org/sites/default/files/acluf_2019_legislative_report_digital.pdf.

d Randy Capps et al., "Revving Up the Deportation Machinery: Enforcement Under Trump and the Pushback," Migration Policy Institute, May 2018, <https://www.migrationpolicy.org/research/revving-deportation-machinery-under-trump-and-pushback>.

e Ajay Chaudry et al., "Facing Our Future: Children in the Aftermath of Immigration Enforcement," Urban Institute, February 2, 2010, <https://www.urban.org/research/publication/facing-our-future>.

f Nicole Prchal Svajlenka, "What's at Stake: Immigrant Impacts in 287(g) Jurisdictions," Center for American Progress, March 2018, <https://cdn.americanprogress.org/content/uploads/2018/03/19143533/287gJurisdictions-report.pdf>.

g John C. McKissick and Sharon P. Kane, "Evaluation of Direct and Indirect Economic Losses by Georgia Fruit and Vegetable Producers, Spring 2011," Journal of Agribusiness, Vol. 29, No. 2 (Fall 2011), <https://ideas.repec.org/a/ags/jloagb/260048.html>.

h Wendy Cervantes, Rebecca Ullrich, and Hannah Matthews, “Our Children’s Fear: Immigration Policy’s Effects on Young Children,” Center for Law and Social Policy, March 2018, https://www.clasp.org/sites/default/files/publications/2018/03/2018_ourchildrensfears.pdf.

i Silva Mathema, “Keeping Families Together,” Center for American Progress, March 16, 2017, <https://www.americanprogress.org/issues/immigration/reports/2017/03/16/428335/keeping-families-together/>.

j Joanna Dreby, “How Today’s Immigration Enforcement Policies Impact Children, Families, and Communities,” Center for American Progress, August 2012, <https://www.americanprogress.org/wp-content/uploads/2012/08/DrebyImmigrationFamiliesFINAL.pdf>.

3) Strengthening labor law enforcement.

Labor laws are critical to ensuring that all workers receive the wages they are legally owed, so they can support their families and contribute to the economy to the best of their abilities. States play a major role in enforcing labor laws and would benefit fiscally from adequately funding and staffing of these enforcement efforts.

Wage violations, for example, substantially diminish workers’ earnings and leave them with less to spend in the economy. Pay-based labor law violations — from denying overtime to denying pay outright — cost low-wage workers in Chicago, Los Angeles, and New York City 15 percent of their earnings, on average, generating a total wage loss for workers in the three cities of \$56 million per week, a 2009 study of workers in low-wage industries in these cities found.²⁷

While all workers surveyed in the study were at risk, workers who were undocumented were likeliest to experience wage violations.

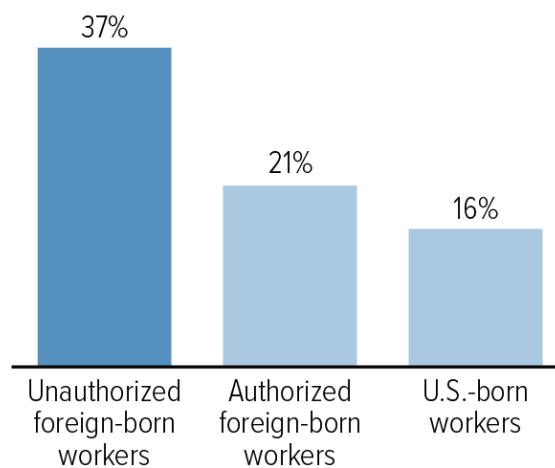
Specifically, 37 percent of such foreign-born workers in low-wage industries in these cities

(excluding managers and professional and technical workers) were paid less than the minimum wage, compared to 21 percent of the authorized foreign-born workers and 16 percent of U.S.-born workers. (See Figure 5.) A later study found that foreign-born women from Latin American countries were particularly at risk of minimum wage violations.²⁸ These lost wages not only hurt workers and their families but also involve a near-term loss to the economy, since lower-wage workers often must spend most of what they earn on necessities.²⁹ Wage violations also increase

FIGURE 5

Workers Who Are Unauthorized Are Most at Risk of Wage Violations

Share of low-wage workers in Chicago, Los Angeles, New York City paid below minimum wage



Source: Bernhardt, *Broken Laws, Unprotected Workers* (data collected in 2008)

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²⁷ Annette Bernhardt *et al.*, “Broken Laws, Unprotected Workers: Violations of Employment and Labor Laws in America’s Cities,” 2009, <https://www.nelp.org/wp-content/uploads/2015/03/BrokenLawsReport2009.pdf>.

²⁸ Annette Bernhardt, Michael W. Spiller, and Diana Polson, “All Work and No Pay: Violations of Employment and Labor Laws in Chicago, Los Angeles and New York,” *Social Forces*, March 2013, pp. 725-746.

²⁹ Erin Currier *et al.*, “Household Expenditures and Income,” Pew Charitable Trusts, March 2016, https://www.pewtrusts.org/-/media/assets/2016/03/household_expenditures_and_income.pdf.

poverty and thus the need for public assistance, while reducing income tax revenues that help pay for schools and other public services.³⁰

Labor laws also help put businesses and workers on a more level playing field. Businesses that hire workers who are undocumented have a competitive advantage over businesses that don't, partly because some businesses hire them at below-market wages (often below the minimum wage) and sometimes steal their wages altogether.³¹ Employers who pay workers off the books or incorrectly pay them as independent contractors also skirt requirements to contribute to state unemployment insurance and worker's compensation funds, thereby increasing payments for those employers that properly report their employees.³² All of this encourages a "race to the bottom" by low-wage employers rather than encouraging them to provide higher paying, better quality jobs. By contrast, minimum wage and other labor laws protect *all* workers and prevent one set of employers from unfairly undercutting another.

States can do more to address wage theft and other labor law violations. They can stiffen penalties for wage-theft violations and scrap outdated rules that exclude certain categories of workers from full protection, such as domestic workers.³³ They can also hire more wage-law enforcement agents. A 2010 survey of 43 states found that fewer than 700 state investigators were responsible for enforcing labor laws covering almost 100 million private-sector workers.³⁴ That's roughly one investigator for every 146,000 private-sector workers — and for many investigators, labor law enforcement wasn't their sole responsibility. A similar study in 2018 found that seven states had *no* investigators to handle minimum-wage violations and another 26 states had fewer than ten.³⁵ (See Figure 6.)

³⁰ "The Social and Economic Effects of Wage Violations," prepared by Eastern Research Group, Inc. for the U.S. Department of Labor, December 2014, <http://www.dol.gov/asp/evaluation/completed-studies/WageViolationsReportDecember2014.pdf>.

³¹ See discussion in David Kallick, "Three Ways Immigration Reform Would Make the Economy More Productive," Fiscal Policy Institute, June 2013, <http://fiscalpolicy.org/wp-content/uploads/2014/11/3-Ways-Reform-improves-productivity.pdf>.

³² *Ibid.*

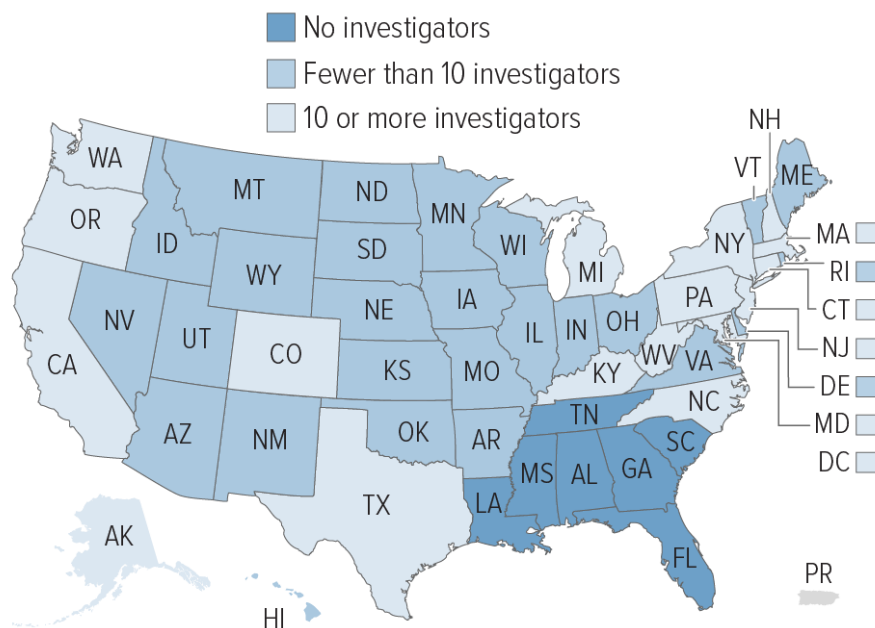
³³ Bernhardt *et al.*

³⁴ Zach Schiller and Sarah DeCarlo, "Investigating Wage Theft: A Survey of the States," Policy Matters Ohio, November 2010, <http://www.policymattersohio.org/wp-content/uploads/2011/10/InvestigatingWageTheft20101.pdf>. The U.S. Department of Labor also has several hundred investigators tasked with enforcing the Fair Labor Standards Act, which establishes wage and overtime protections. As at the state level, these investigators are responsible for enforcing other laws as well.

³⁵ Marianne Levine, "Behind the Minimum Wage Fight, a Sweeping Failure to Enforce the Law," *Politico*, February 18, 2018, <https://www.politico.com/story/2018/02/18/minimum-wage-not-enforced-investigation-409644>.

FIGURE 6

Most States Have Few if Any Designated Investigators to Enforce Minimum Wage



Source: Politico survey of state labor agencies, 2017-2018

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4) Extending health coverage to all children. Extending health care to all children, regardless of immigration status, is a smart investment in a state’s long-term health and prosperity. It is also a strong first step towards access to health care coverage for all. Access to health care contributes to better long-term health and economic outcomes for people generally, studies show; it can particularly benefit children who are undocumented since they are likelier to be in economically struggling families.³⁶ For example, families with health insurance are less likely to rely on expensive emergency care and better able to manage chronic and preventable diseases such as asthma and diabetes.³⁷ Access to health insurance also improves economic security for children and families with low incomes by reducing out-of-pocket medical costs and the prevalence of personal bankruptcies.³⁸ Over the longer term, children with access to health insurance are likelier to

³⁶ “Three quarters of children with unauthorized immigrant parents had family incomes below the threshold for free and reduced-price lunches. In contrast 51 percent of children of all immigrants and 40 percent of the entire U.S. population lived in families with income below this threshold.” Randy Capps, Michael Fix, and Kie Zong, “A Profile of U.S. Children with Unauthorized Immigrant Parents,” Migration Policy Institute, January 2016, <https://www.migrationpolicy.org/research/profile-us-children-unauthorized-immigrant-parents>.

³⁷ “The Economic Impact of Uninsured Children on America,” James A Baker III Institute for Public Policy of Rice University, June 2009, <https://www.bakerinstitute.org/media/files/Research/6db8160c/HPF-pub-HoShortUninsuredChildren-060309.pdf>.

³⁸ Tal Gross and Matthew J. Notowidigdo, “Health Insurance and the Consumer Bankruptcy Decision: Evidence from Expansions of Medicaid,” *Journal of Public Economics*, January 2011, <https://doi.org/10.1016/j.jpubeeco.2011.01.012>.

complete high school and college and tend to have higher incomes, more wealth, and higher income growth in adulthood.³⁹

Yet for reasons including lack of access, ineligibility, and fear, non-citizen children remain uninsured at a much higher rate than their citizen peers (see Figure 7); nearly a third of the nation's estimated 1 million undocumented children lack health coverage.⁴⁰ California, which adopted universal health care access for all children in 2016, shows what a state can accomplish by extending health coverage to all children regardless of immigration status. A little more than a year after the policy took effect, the state's Medicaid program covered 86 percent of eligible undocumented children. Close to half were new enrollees, while the rest were transitioned from a more limited version of Medicaid that only paid for emergency treatment.⁴¹ An estimated 97 percent of California children now have health coverage.⁴² In 2019, the state also extended health care coverage to young adults ages 19 to 25 regardless of status in an effort to further drive down their uninsured rate.⁴³

³⁹ Sarah Cohodes *et al.*, "The Effect of Child Health Insurance Access on Schooling: Evidence from Public Insurance Expansions," National Bureau of Economic Research Working Paper No. 20178, revised October 2014, <https://www.nber.org/papers/w20178>; "The Economic Impact of Uninsured Children on America"

⁴⁰ Capps, Fix, and Zong; "Health Coverage of Immigrants," Kaiser Family Foundation, February 15, 2019, <https://www.kff.org/disparities-policy/fact-sheet/health-coverage-of-immigrants/>.

⁴¹ *Ibid.*; "A Golden Opportunity," Children's Partnership, January 2018, <https://health4allkids.org/wp-content/uploads/2018/01/Golden-Opportunity-Lessons-From-Californias-Journey-to-Advancing-Coverage-for-All-Children-Report.pdf>.

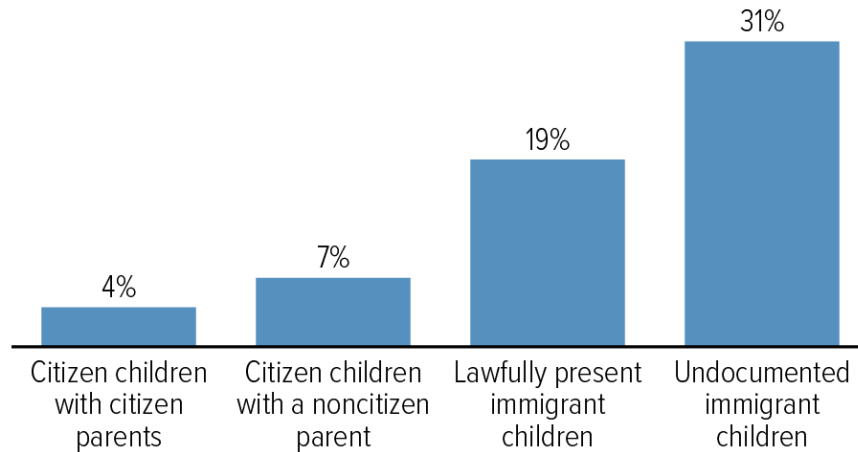
⁴² Joan Alker and Olivia Pham, "Nation's Progress on Children's Health Coverage Reverses Course," Georgetown University Health Policy Institute Center for Children and Families, November 2018, https://ccf.georgetown.edu/wp-content/uploads/2018/11/UninsuredKids2018_Final_asof1128743pm.pdf.

⁴³ Bobby Allyn, "California is 1st State to Offer Health Benefits to Adult Undocumented Immigrants," National Public Radio, July 10, 2019, <https://www.npr.org/2019/07/10/740147546/california-first-state-to-offer-health-benefits-to-adult-undocumented-immigrants>.

FIGURE 7

Children’s Health Uninsurance Rates Much Higher Among Immigrants

Uninsured rate by child’s, parent’s immigration status, 2017



Source: Kaiser Family Foundation analysis of 2017 American Community Survey

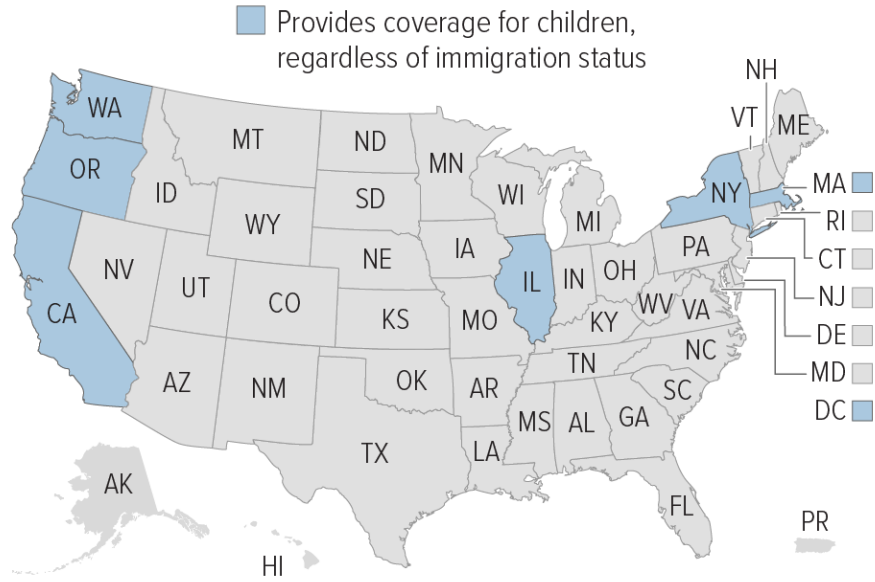
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Currently, six states and the District of Columbia provide health care coverage to children regardless of immigration status, covering children who are undocumented solely with state funds.⁴⁴ (See Figure 8.)

⁴⁴ See Kaiser Family Foundation, February 2019.

FIGURE 8

Six States Plus DC Have Inclusive Health Care Policies for Immigrant Children



Source: Center for Law and Social Policy, 2017

Policies Benefiting Undocumented Immigrants Likely Help Workers Overall

Improving the earning prospects of people who are undocumented would likely improve conditions for U.S.-born workers as well. All workers benefit if employers can't skirt the law by paying some workers below their fair wages. And the economy benefits if people now working in low-wage jobs advance their education and skills and then get higher-wage jobs.

What would happen to U.S.-born workers, though, when more immigrants join the economy — that is, not just when those already in the labor market have full rights, but when new people join it, as would almost certainly occur under comprehensive federal immigration reform? Most economic research shows that added immigrant labor has limited — and possibly slightly positive — effects on the wages of native-born workers overall, though wages would fall for some groups, such as native-born workers with less than a high school education.^a

While that may seem counterintuitive, it stems in part from an often overlooked aspect of immigration. Immigration doesn't simply add labor supply, which could diminish the employment and earnings prospects of native-born workers. It also increases the demand for goods and services and hence the demand for workers to produce those goods and services. That is, immigrants add to *both* the number of workers *and* the number of consumers, resulting in more production and hiring.

In addition, immigrant workers often complement, rather than substitute for, native-born workers in the workforce, bringing different skills to certain sectors or filling roles that native-born workers do not. That can happen even when native-born and immigrant workers have similar education and skill levels. For example, a firm that typically hires low-skilled, less educated workers may choose to shift its U.S.-born workers into positions that require more facility with English, while hiring immigrant workers to fill other roles.^b

Nevertheless, while the typical native-born worker may not face more competition for jobs or lower wages due to immigration, certain groups of workers sometimes do. For example, between 1994 and 2007, wages fell for U.S.-born men with a high school degree or less in places like California, Florida, New York, and Texas — where the immigrant labor supply is particularly large — even as immigration contributed positively to wages for native-born workers overall in those states, according to one major study.^c And, a number of studies have found that immigration has a modest negative impact on prior immigrants, native-born workers with less than a high school education, and black men with a high school education or less, who often have similar job qualifications as low-skilled immigrant workers.

Even apart from competition from immigrants, the economic prospects of native-born workers with high school degrees or less are constrained by their education level. Policymakers should focus on improving conditions for these workers directly, rather than pursue restrictive immigration policies that would hurt the economy as a whole.

a For a review of the economic literature, see the following meta-analysis: The Economic and Fiscal Consequences of Immigration, National Academies of Sciences, Engineering, and Medicine, National Academies Press, 2017, <https://doi.org/10.17226/23550>. Also see Giovanni Peri, "Do immigrant workers depress the wages of native workers?" University of California, Davis and IZA, May 2014, <http://wol.iza.org/articles/do-immigrant-workers-depress-the-wages-of-native-workers-1.pdf>; David Card, "Comment: The Elusive Search for Negative Wage Impacts of Immigration," University of California, Berkeley, 2012, <http://davidcard.berkeley.edu/papers/jeea2012.pdf>; and Heidi Shierholz, "Immigration and Wages: Methodological Advancements Confirm Modest Gains for Native Workers," Economic Policy Institute, February 2010, <http://www.epi.org/publication/bp255/>.

b For a more in-depth discussion, see Peri, 2014.

c See Shierholz, 2010. Shierholz finds that foreign-born workers with less than a high school education actually experience the biggest wage decline from new immigration.

Conclusion

Inclusive state immigration policies can promote prosperity for immigrants who are undocumented, their families, and the states that welcome them. At a time when federal immigration policies are causing widespread harm, it is both sound policy and beneficial to states to pursue supportive policies that assuage fears and provide opportunity for *all* of their residents — regardless of their national origin, their religion, the color of their skin, or the language they speak.

Appendix I

APPENDIX TABLE 1

Profile of U.S. Population That Is Undocumented, 2017

Demographics	Estimate (thousands)	% of Total
Undocumented Population	10,500	100%
Continent/Region of Birth		
<i>Latin America</i>		
Mexico	4,950	47%
Central America	1,900	18%
South America	775	7%
Caribbean	475	4%
<i>Other Regions</i>		
Asia	1,450	14%
Europe/Canada	500	5%
Middle East	130	1%
Africa	250	2%
Years of U.S. Residence		
Less than 5	2,371	22%
5 to 9	1,736	16%
10 to 14	2,057	19%
15 to 19	2,253	21%
20 or more	2,248	21%
Age		
Under 17	1,093	10%
18 to 24	1,145	11%
25 to 34	2,808	26%
35 to 44	3,058	29%
45 to 64	2,491	23%
65 and older	69	0.6%
Poverty Status		
Above poverty threshold	8,332	78%
Occupation		
Total (16 and over in the labor force)	7,416	100%
Managerial & professional specialty	862	12%
Technical, sales, & administrative support	1,189	16%
Service	1,863	25%
Farming, forestry & fishing	586	8%

APPENDIX TABLE 1

Profile of U.S. Population That Is Undocumented, 2017

	Estimate (thousands)	% of Total
Demographics		
Precision production, craft & repair	1,219	16%
Operators, fabricators & laborers	1,592	22%
Health Insurance Coverage		
Insured	5,238	49%
*Homeownership		
Homeowners	3,799	34%

* "Homeowners" are undocumented immigrants residing in homes that are owned, not rented.

Sources: [Pew Research Center](#) (for continent/region of birth), 2) [Centers for Migration Studies](#) (for years of U.S. residence, age, poverty status, occupation, and health insurance coverage), and 3) [Migration Policy Institute](#) (for homeownership). Multiple sources used to provide a variety of demographic data.

Appendix II

APPENDIX TABLE 2

Annual State and Local Taxes Paid by Immigrants Who Are Undocumented, and Estimated Increase if Provided a Pathway to Citizenship

State	Current Payments	Payments if Provided a Pathway to Citizenship	Dollar Increase if Provided a Pathway to Citizenship	Percentage Increase if Provided a Pathway to Citizenship
Alabama	\$62,312,000	\$80,061,000	\$17,749,000	28%
Alaska	4,043,000	4,448,000	\$405,000	10%
Arizona	213,574,000	252,958,000	\$39,384,000	18%
Arkansas	62,767,000	77,166,000	\$14,399,000	23%
California	3,199,394,000	3,653,985,000	\$454,591,000	14%
Colorado	139,524,000	172,250,000	\$32,726,000	23%
Connecticut	124,701,000	145,284,000	\$20,583,000	17%
Delaware	13,532,000	19,694,000	\$6,162,000	46%
District of Columbia	31,765,000	38,731,000	\$6,966,000	22%
Florida	598,677,875	658,540,000	\$59,862,125	10%
Georgia	351,718,000	455,581,000	\$103,863,000	30%
Hawaii	32,343,000	42,750,000	\$10,407,000	32%
Idaho	28,613,000	34,557,000	\$5,944,000	21%
Illinois	758,881,000	917,370,000	\$158,489,000	21%
Indiana	92,200,000	120,900,000	\$28,700,000	31%
Iowa	36,728,000	45,570,000	\$8,842,000	24%
Kansas	67,843,000	78,897,000	\$11,054,000	16%
Kentucky	36,629,000	52,702,000	\$16,073,000	44%
Louisiana	67,991,000	83,188,000	\$15,197,000	22%
Maine	4,367,000	5,525,000	\$1,158,000	27%
Maryland	332,248,000	425,779,000	\$93,531,000	28%
Massachusetts	184,605,000	240,773,000	\$56,168,000	30%
Michigan	86,692,000	113,910,000	\$27,218,000	31%
Minnesota	83,192,000	102,646,000	\$19,454,000	23%
Mississippi	22,684,000	28,028,000	\$5,344,000	24%
Missouri	48,897,000	63,435,000	\$14,538,000	30%
Montana	548,000	762,000	\$214,000	39%
Nebraska	39,800,000	48,177,000	\$8,377,000	21%
Nevada	86,101,000	94,712,000	\$8,611,000	10%
New Hampshire	7,236,000	8,005,000	\$769,000	11%
New Jersey	587,415,000	661,130,000	\$73,715,000	13%

APPENDIX TABLE 2

Annual State and Local Taxes Paid by Immigrants Who Are Undocumented, and Estimated Increase if Provided a Pathway to Citizenship

State	Current Payments	Payments if Provided a Pathway to Citizenship	Dollar Increase if Provided a Pathway to Citizenship	Percentage Increase if Provided a Pathway to Citizenship
New Mexico	67,743,000	75,756,000	\$8,013,000	12%
New York	1,102,323,000	1,349,476,000	\$247,153,000	22%
North Carolina	277,402,000	370,780,000	\$93,378,000	34%
North Dakota	2,844,000	3,263,000	\$419,000	15%
Ohio	83,247,000	108,786,000	\$25,539,000	31%
Oklahoma	84,765,000	104,648,000	\$19,883,000	23%
Oregon	80,775,000	119,365,000	\$38,590,000	48%
Pennsylvania	134,872,000	186,244,000	\$51,372,000	38%
Rhode Island	31,154,000	37,564,000	\$6,410,000	21%
South Carolina	67,753,000	86,195,000	\$18,442,000	27%
South Dakota	5,338,000	5,872,000	\$534,000	10%
Tennessee	107,465,000	118,251,000	\$10,786,000	10%
Texas	1,560,896,000	1,716,985,000	\$156,089,000	10%
Utah	69,770,000	91,255,000	\$21,485,000	31%
Vermont	2,936,000	3,411,000	\$475,000	16%
Virginia	255,965,000	355,924,000	\$99,959,000	39%
Washington	316,624,000	348,287,000	\$31,663,000	10%
West Virginia	5,112,000	6,811,000	\$1,699,000	33%
Wisconsin	71,792,000	91,691,000	\$19,899,000	28%
Wyoming	4,165,000	4,582,000	\$417,000	10%
All States	11,739,961,000	13,912,665,000	\$2,172,704,000	19%

*Figures represent the dollar increase in state and local taxes that would be paid if immigrants were provided a pathway to citizenship (and thus able to work at higher wages) as a share of what they currently pay in state and local taxes.

For detailed methodology, see "[Undocumented Immigrants' State and Local Tax Contributions](#)," Institute on Taxation and Economic Policy, March 2017,