

The Economic Contributions of Pennsylvania's Immigrants

By Muhammad Maisum Murtaza
MAY 2021



EVERYONE IS
WELCOME



Acknowledgments

Thanks to Stephanie Frank (KRC Office Manager) for generating the charts, figures and creating the layout for this report; Kirstin Snow (Communications Director for KRC and PBPC) for help with the release of the report; and to Erica Freeman (Deputy Communications Director), Diana Polson (Senior Policy Analyst), and Claire Kovach (Senior Research Analyst for editing and providing feedback on this report.

A special thanks to our advocacy partners in immigration research; CASA, Make the Road PA, and PICC. Finally, thank you to David Kallick and the New York Fiscal Policy Institute for their guidance in immigration research for this report.

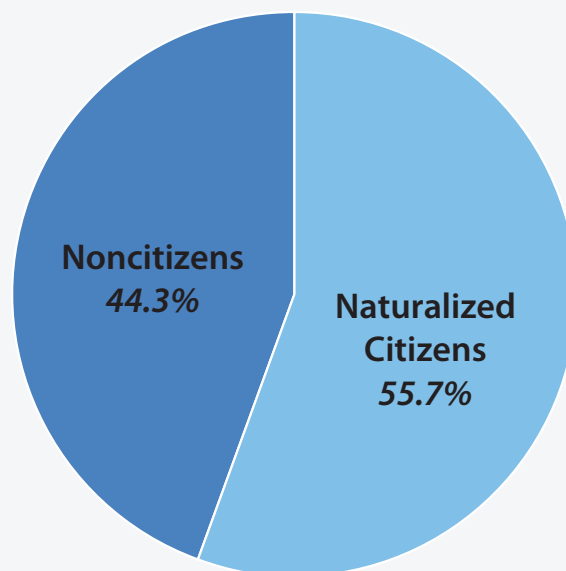
The COVID-19 pandemic continues to highlight just how interconnected our economies, communities, and lives have become. Workers and employers are still fighting to mitigate damage from the pandemic, and, thanks to President Biden’s American Rescue Plan and the coronavirus vaccine, recovery is on the horizon. This report highlights the role of immigrants in our economy as a whole as well as the contribution they have made during the pandemic and can make during the recovery. Immigrants have played a vital role in the pandemic, contributing to work in essential industries despite facing racial and ethnic discrimination. Additionally, immigrants have enriched our communities through the ownership of individual businesses like restaurants that have been devastated by the ongoing pandemic. The following report attempts to quantify the contributions of Pennsylvania’s foreign-born workforce. While much of their contributions are incalculable, there are economic contributions that can be measured and explored.

Who Are Pennsylvania’s Foreign Born?

Pennsylvania is home to nearly 900,000 foreign-born individuals, accounting for about seven percent of Pennsylvania’s total population. *Foreign-born*, according to the Migration Policy Institute (MPI), is any resident born outside of the United States. These individuals can be citizens or non-citizens and include nearly 160,000 undocumented immigrants, according to the state undocumented population profiles from the MPI. Below, Figure 1 shows the percentage of Pennsylvania’s 893,167 foreign born who are naturalized citizens. This population is made up of those who are immigrants and were not citizens upon birth but were later given a certificate of naturalization through meeting citizenship requirements. Almost half of all foreign-born residents of Pennsylvania are non-citizens.

Figure 1.

Nearly Half of Pennsylvania’s Foreign-Born Population Are Not Naturalized Citizens

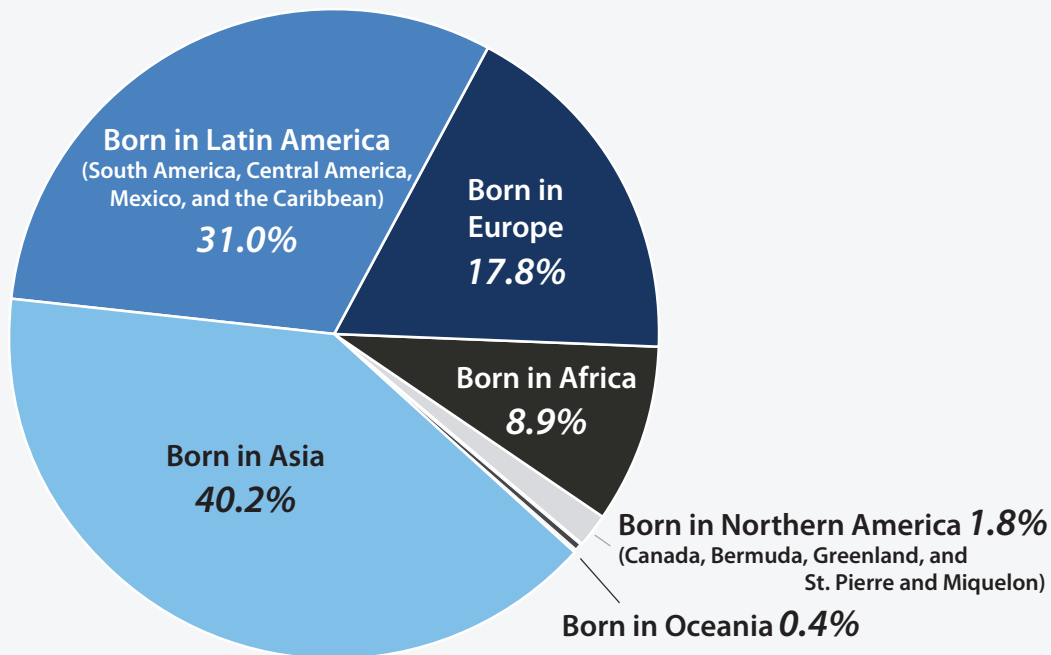


Source: Migration Policy Institute analysis of 2019 American Community Survey 1-Year data.

The plurality of foreign-born residents in Pennsylvania were born in Asia (40%) with Latin American countries (31%) and Europe (18%) as second and third. Nearly 9% of immigrants in Pennsylvania were born in Africa. The remaining foreign-born residents were born in either North American countries and regions outside of the United States or in Oceania.¹

Figure 2.

Regions of Birth for Pennsylvania's Foreign-Born Population



Source: Migration Policy Institute analysis of 2019 American Community Survey 1-Year data.

Although this report centers the contributions of all foreign-born people in Pennsylvania, the contributions of undocumented immigrants are shown separately in some cases because they frequently face compounding issues of discrimination—social, economic, and political—and barriers to career advancement because of their immigration status. Figure 3 shows the regions of birth for 157,000 undocumented immigrants in Pennsylvania.

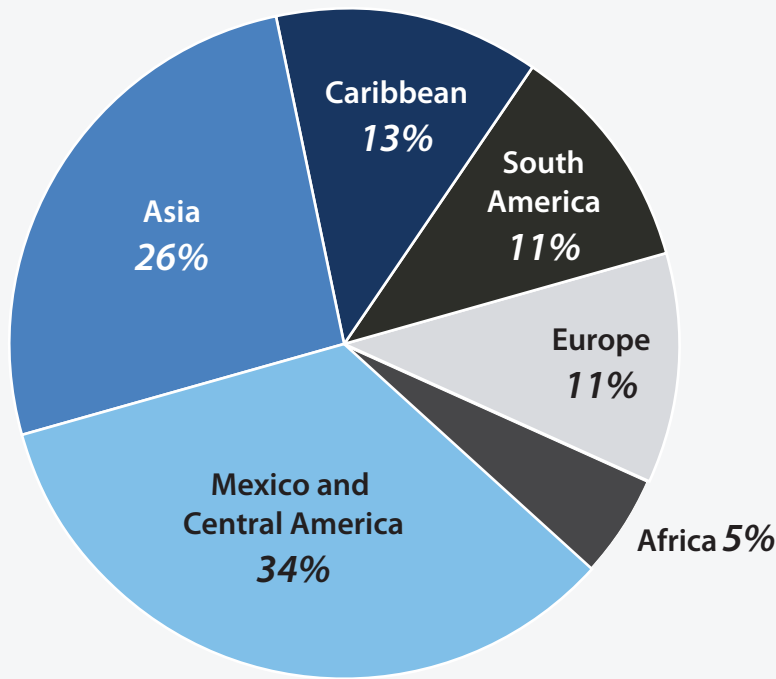
According to MPI, about 60% of undocumented immigrants in Pennsylvania were born in either Central America or Asia with the next largest group immigrating from the Caribbean at 13%. More than two-thirds of all undocumented immigrants in Pennsylvania have lived in the United States and contributed to its economy for five years or more.²

1 For a more detailed breakdown of state and national level immigration estimates, please visit the data hub for the Migration Policy Institute at https://www.migrationpolicy.org/programs/migration-data-hub?qt-data_hub_tabs=0#datahub-tabs.

2 For a more detailed breakdown of state undocumented population data, please visit the Migration Policy Institute state unauthorized immigrant profiles at <https://www.migrationpolicy.org/programs/us-immigration-policy-program-data-hub/unauthorized-immigrant-population-profiles>.

Figure 3.

Regions of Birth for the Undocumented Population in Pennsylvania



Source: Migration Policy Institute Undocumented Population State Profiles data 2018.

The following sections of the report will break down immigrants' contributions in Pennsylvania into three major sections: labor force contributions, economic and tax-based contributions, and economic contributions outside of tax payments or spending power, such as educational attainment and entrepreneurial impact of immigrants.

Foreign Born Contributions to Pennsylvania Labor Force and Industries

It is impossible to talk about labor force contributions of any group without addressing the essential workforce, which keeps our communities afloat. The hardships experienced in 2020 have exposed the inadequate pay and lack of support our frontline workers receive. As discussed in a previous policy brief outlining the demographics of frontline workers in Pennsylvania³, essential or frontline workers are more likely to be part of minority groups such as women or people of color. Unsurprisingly, the same is true of foreign-born workers.

Foreign Born Overrepresented in Frontline Industries

While foreign-born workers represent just over 8% of all workers in Pennsylvania, on average they are disproportionately represented in many frontline industries. Almost 9% of workers in all frontline industries in the Commonwealth are foreign born. Furthermore, immigrant workers make

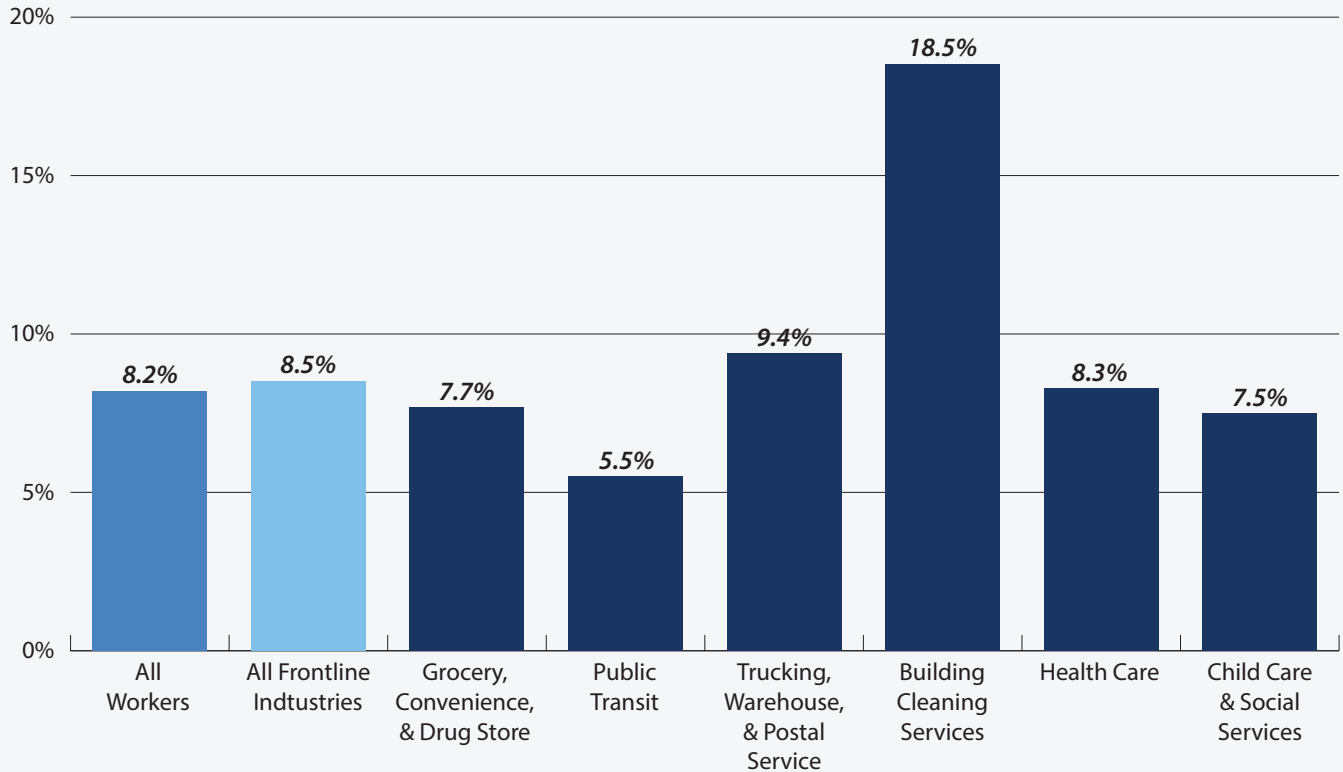
³ For a more detailed breakdown essential workers in Pennsylvania, please see policy brief "Pennsylvania's Essential Workforce is Disproportionately Women and People of Color: Demographics of Pennsylvania's Essential Workers" at https://krc-pbpc.org/research_publication/pennsylvanias-essential-workforce-is-disproportionately-women-and-people-of-color-demographics-of-pennsylvanias-essential-workers/.

sizeable contributions to the trucking/warehousing industry and the building cleaning services workforce—more than 9%, and almost 19% respectively, as shown in Figure 4.

Figure 4.

Foreign-Born Workers in Pennsylvania are Overrepresented in Some Frontline Industries

Percentage share of foreign born workers in frontline industries in Pennsylvania



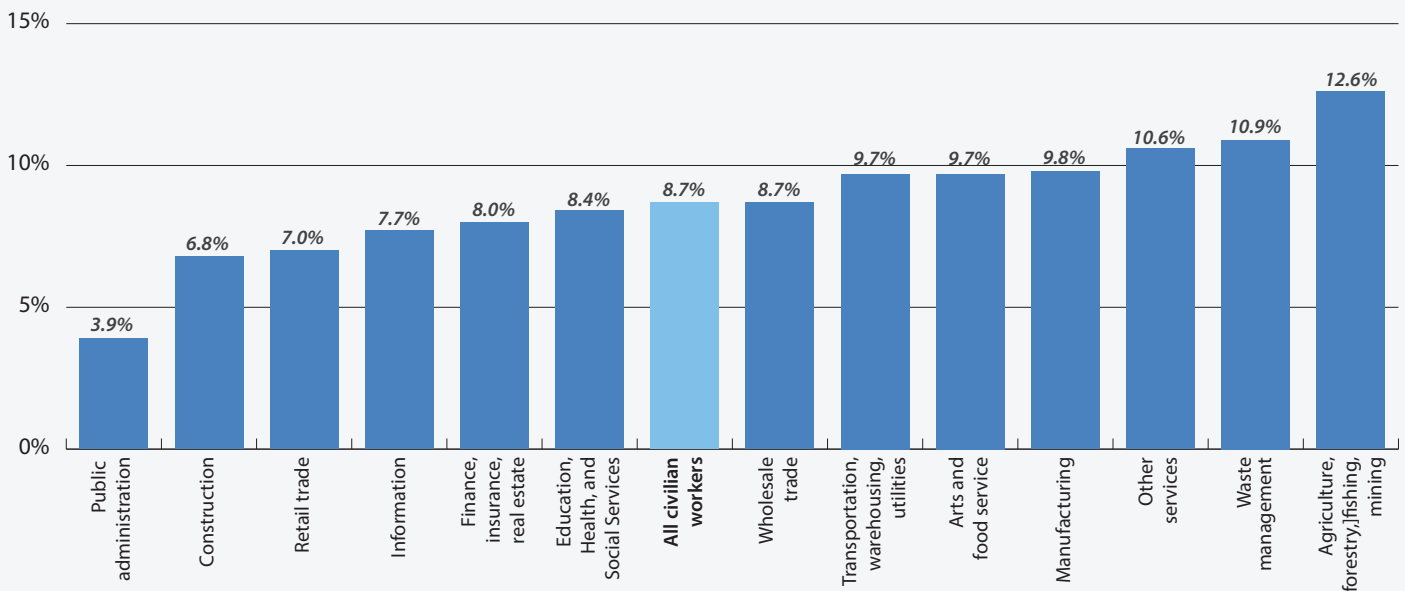
Source: Keystone Research Center Analysis figure based on American Community Survey 2018 5-year data published by Center for Economic and Policy Research.

Foreign-born workers are overrepresented in nearly half of all industries in Pennsylvania. While accounting for more than 8% of the civilian workforce in Pennsylvania, immigrants make up almost 13% of workers in the agricultural industry. Additionally, immigrants represent almost 10% of workers in transportation, arts and food services, and manufacturing in the Commonwealth and represent 11% of all waste management workers. Figure 5 shows the detailed breakdown of immigrant workforce contributions to all Pennsylvania industries and which industries foreign-born workers are overrepresented in throughout the state, apart from public administration.

Figure 5.

Foreign-Born Workers are Disproportionately Represented in Many Pennsylvania Industries

Percentage of workers in each industry, in Pennsylvania, represented by foreign born workers



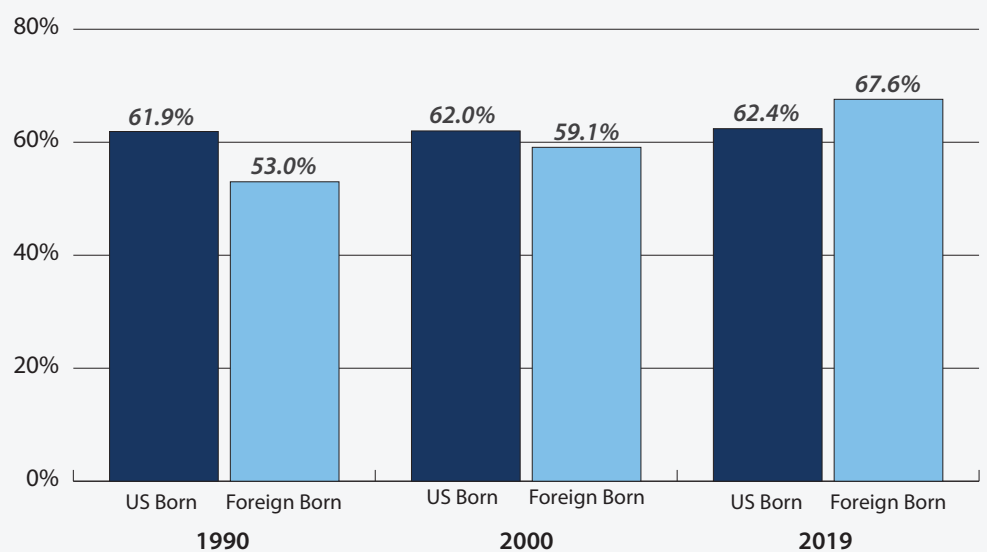
Note: Civilian workers or civilian workforce are defined as individuals who are either considered employed or unemployed. These individuals are not in institutions such as correctional facilities, or nursing homes. Source: Migration Policy Institute analysis of 2019 American Community Survey 1-Year data.

While the contribution of foreign-born workers in the civilian labor force is not a new phenomenon, the percentage of the foreign-born population in the labor force has been growing. As the total population of immigrants has increased over the last 30 years, the percentage of work-eligible, foreign-born individuals (16 or older) in the Pennsylvania labor force rose from 53% in 1990 to more than 67%, or 850,000, in 2019. Moreover, while labor force statistics include the number of unemployed, the percentage of the foreign-born population that is unemployed has also decreased over the same time period, from 5.4% in 1990 to 4.4% in 2019.

Figure 6.

Percentage of Foreign-Born Population in Pennsylvania Workforce Has Been Increasing

Share of foreign born eligible population in labor force compared to share of U.S. born eligible population in the labor force



Note: Eligible population is defined as 16 years of age and older. Civilian workforce is employed and unemployed individuals over the age of 16 who are not members of the Armed Services, or in any correctional institution or nursing home. Source: Migration Policy Institute analysis of 2019 American Community Survey 1-Year data.

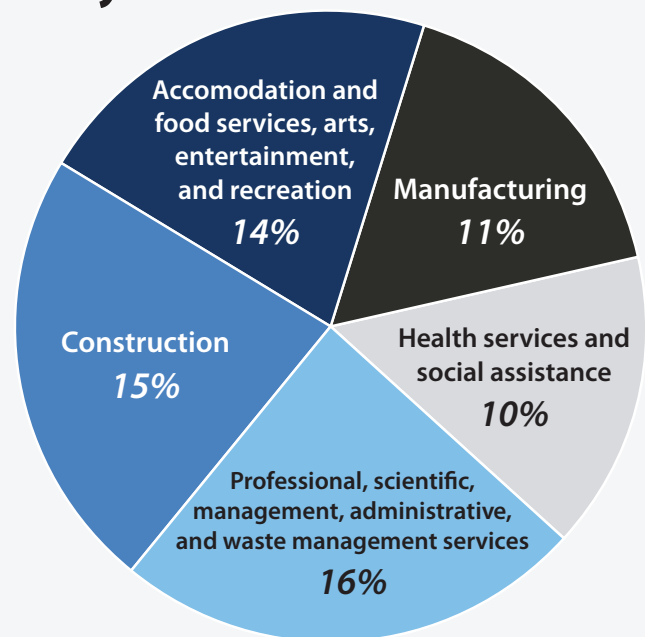
Undocumented Immigrant Contributions to the Labor Force

The undocumented population in Pennsylvania is a small percentage of the population (1.2%) compared to the national percentage (3.2%). Undocumented immigrants face employment and legal challenges at every turn, yet the labor force participation rate for undocumented immigrants is about the same as—and in fact, is slightly higher than—the U.S.-born population.

Consequently, the 94,000 employed undocumented immigrants shown in Figure 7 make contributions to several crucial industries. Sixteen percent of the employed undocumented immigrants in Pennsylvania work in professional, scientific, management and waste management services followed by construction at 15%. Other industries with a large share of employees who are undocumented immigrants include food services, recreation, arts (14%), manufacturing (11%), and health/social services (10%).

Figure 7.

Top Industries of Employment for Undocumented Immigrants in Pennsylvania



Source: Migration Policy Institute Undocumented Population State Profiles data 2018.

Foreign Born Economic and Tax Contributions

Immigrants in Pennsylvania, including undocumented immigrants, contribute billions of dollars in state and federal taxes, spending power, and household incomes. In many cases, immigrants pay into the very programs they are excluded from. The undocumented population specifically was not eligible for the stimulus checks distributed as a result of the CARES Act regardless of the tax contribution made by this population.

Undocumented Immigrant Tax and Economic Contributions

Contrary to what most people think, undocumented immigrants pay millions in state and local taxes. A study done by the Institute of Taxation and Economic Policy (ITEP) shows that undocumented immigrants in Pennsylvania contributed almost \$135 million in state and local taxes in 2017. Giving this population full legal status would increase that number by more than \$51 million because immigrants would have greater opportunities to secure better paying jobs, earning higher wages, and a higher share of them would file income tax returns (Figure 8). This,

in turn, would result not only in higher income tax contributions but also higher sales, excise, and property tax payment as undocumented immigrants would not need to rely as heavily on the informal economy (Table 1).

Figure 8.

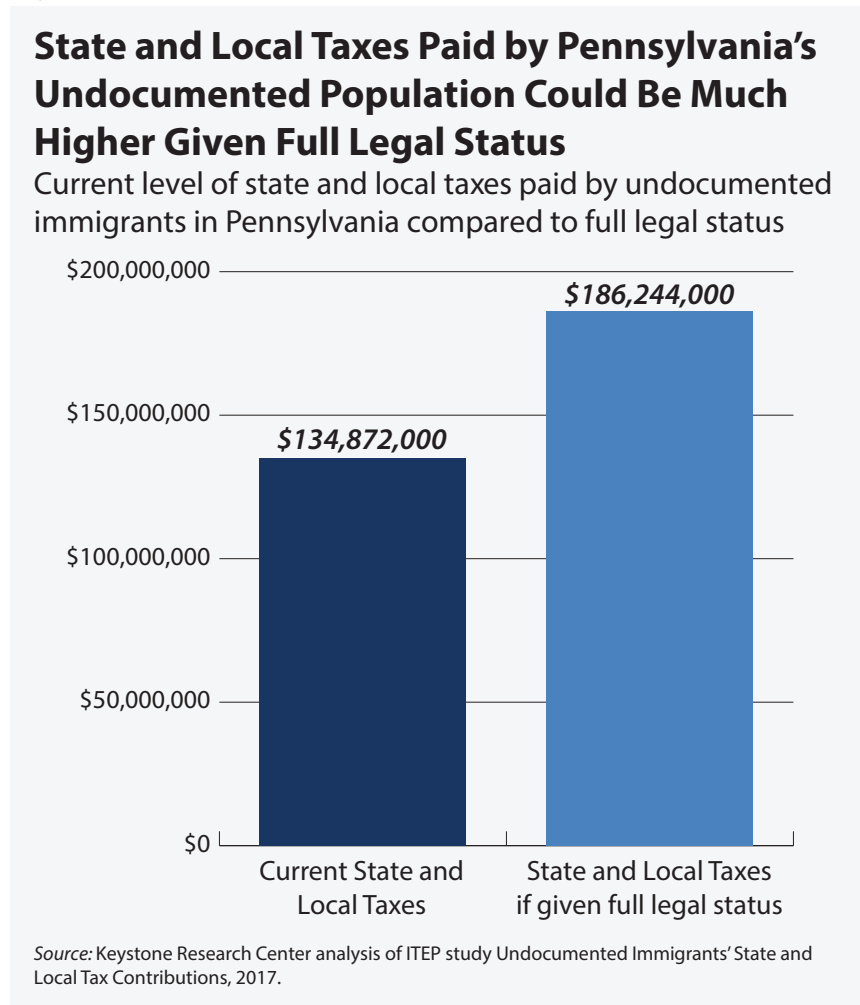


Table 1.

Pennsylvania's Undocumented Population Already Pays a Number of Taxes Which Would Increase Given Full Legal Status				
Pennsylvania	State and Excise Tax	Personal Income Tax	Property Tax	Total State and Local Taxes
Current	\$ 64,545,000	\$34,440,000	\$35,887,000	\$134,872,000
Full Legal Status	\$71,000,000	\$ 75,769,000	\$ 39,475,000	\$ 186,244,000

Source. Accessed from ITEP study. Undocumented Immigrants' State and Local Tax Contributions appendix, 2017.

Using a different methodology, New American Economy estimates undocumented immigrants have paid a total of \$208 million in state and local taxes in Pennsylvania. Furthermore, according to the same data, undocumented immigrants from Pennsylvania pay more than \$342 million in federal taxes.⁴

Alongside their large tax contributions, undocumented immigrants add significantly to our state's

⁴ For more data on undocumented tax contribution estimations using American Community Survey data, please see New American Economy's "Map the Impact" data page at <https://www.newamericaneconomy.org/locations/pennsylvania/>.

economic output. Table 2 shows the contribution to the state GDP made by undocumented workers in each of Pennsylvania’s industries. Construction and manufacturing have 2% of their annual contribution state GDP as a result of undocumented immigrants. Additionally, the undocumented population contributes 1.3% of annual output in retail trade and wholesale.

This data indicates that while most undocumented immigrants are concentrated in several low-income industries and occupations, they continue to be larger contributors to the Commonwealth’s economic output than many believe. An estimated 1.2% of the population is responsible for nearly 9% of our agricultural output alongside disproportionate percentages in several other industries. The total contribution of undocumented immigrants to our state GDP is more than \$6.4 billion.

Table 2.

Output Lost in All Industries Without Undocumented Immigrants in Pennsylvania		
Industry	Annual GDP Lost	Percent GDP Lost
Agriculture, forestry, fishing, hunting	\$ 360,000,000	8.7%
Construction	\$ 394,000,000	1.8%
Manufacturing	\$ 1,359,000,000	1.8%
Wholesale and retail trade	\$ 943,000,000	1.3%
Transportation and utilities	\$ 229,000,000	0.8%
Financial Activities	\$ 887,000,000	0.7%
Professional and business services	\$ 612,000,000	0.7%
Educational and health services	\$ 414,000,000	0.5%
Leisure and hospitality	\$ 660,000,000	3.0%
Other services	\$ 248,000,000	1.7%
TOTAL	\$ 6,412,000,000	1.0%

Source. Ryan Edwards and Francesc Ortega, “The economic impacts of removing unauthorized immigrant workers: An industry and state-level analysis,” (Washington: Center for American Progress, 2016), available at www.americanprogress.org.

Economic and Tax Contributions of All Immigrants in Pennsylvania

We turn now from the undocumented immigrants’ economic contribution in Pennsylvania to the contribution of all immigrants.

One way to measure the economic impact of immigrants is to examine their household income and spending patterns. As Figure 9 shows, immigrants in Pennsylvania have a total spending power of nearly \$25 billion and total household income of about \$35 billion. The gap between household income and consumer spending of immigrants is the taxes they pay. Foreign-born residents of Pennsylvania paid nearly \$10 billion in taxes during 2019 (Figure 10). This is a combination of federal (\$6.6 billion) and state and local taxes (\$3.3 billion).

Figure 9.

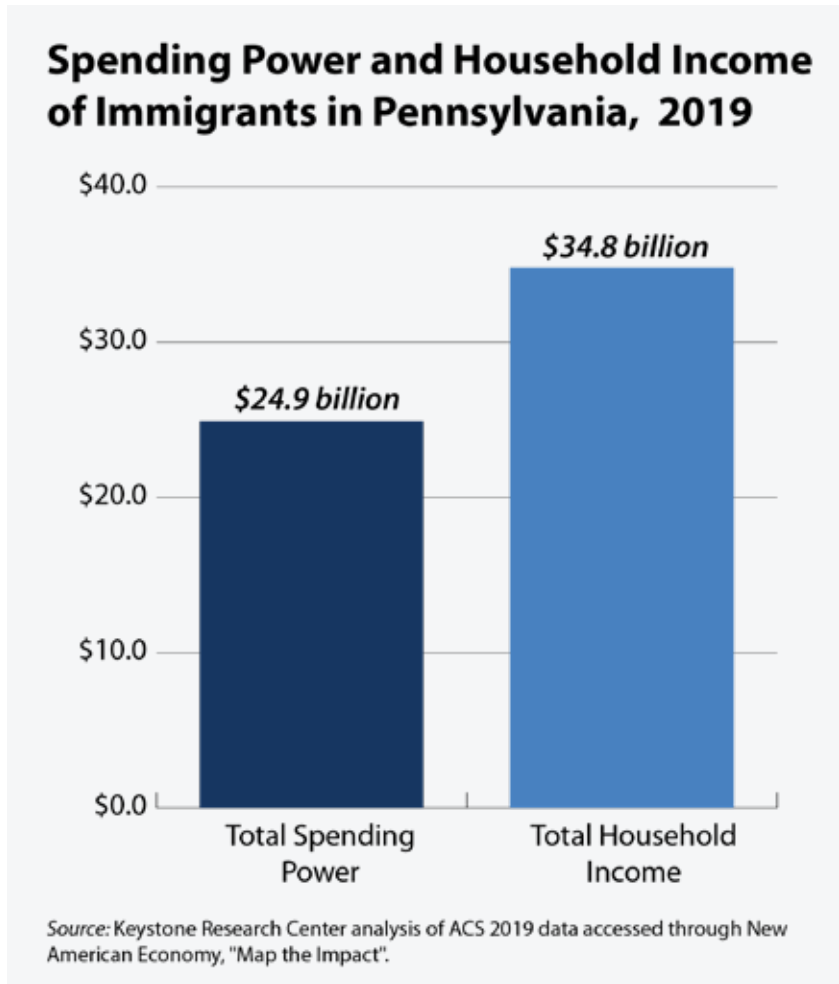
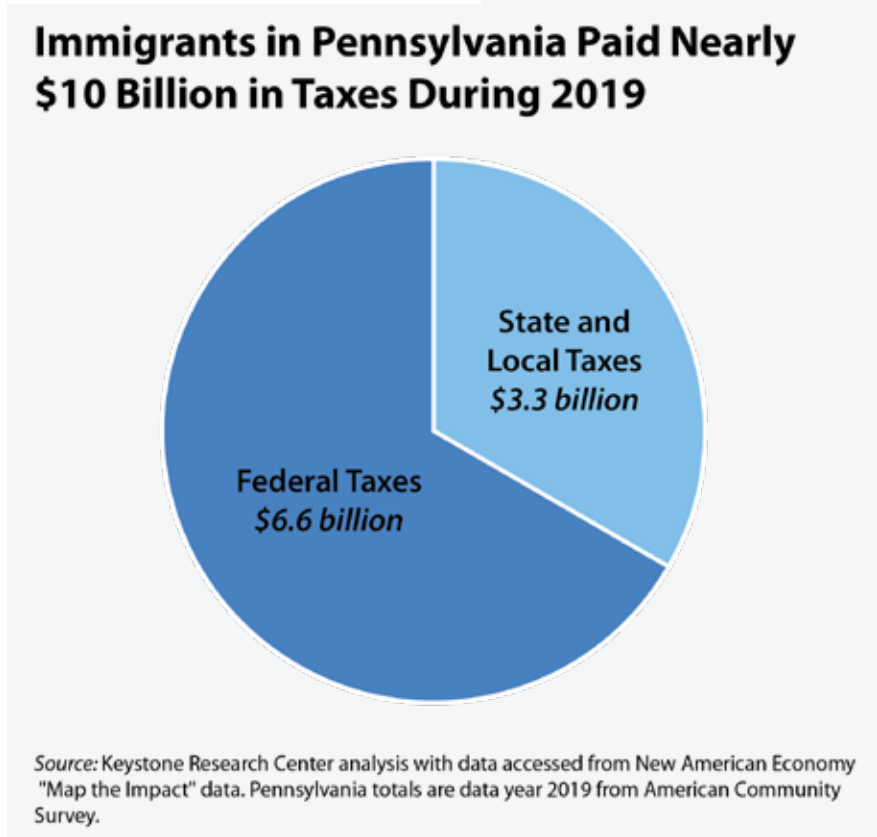


Figure 10.

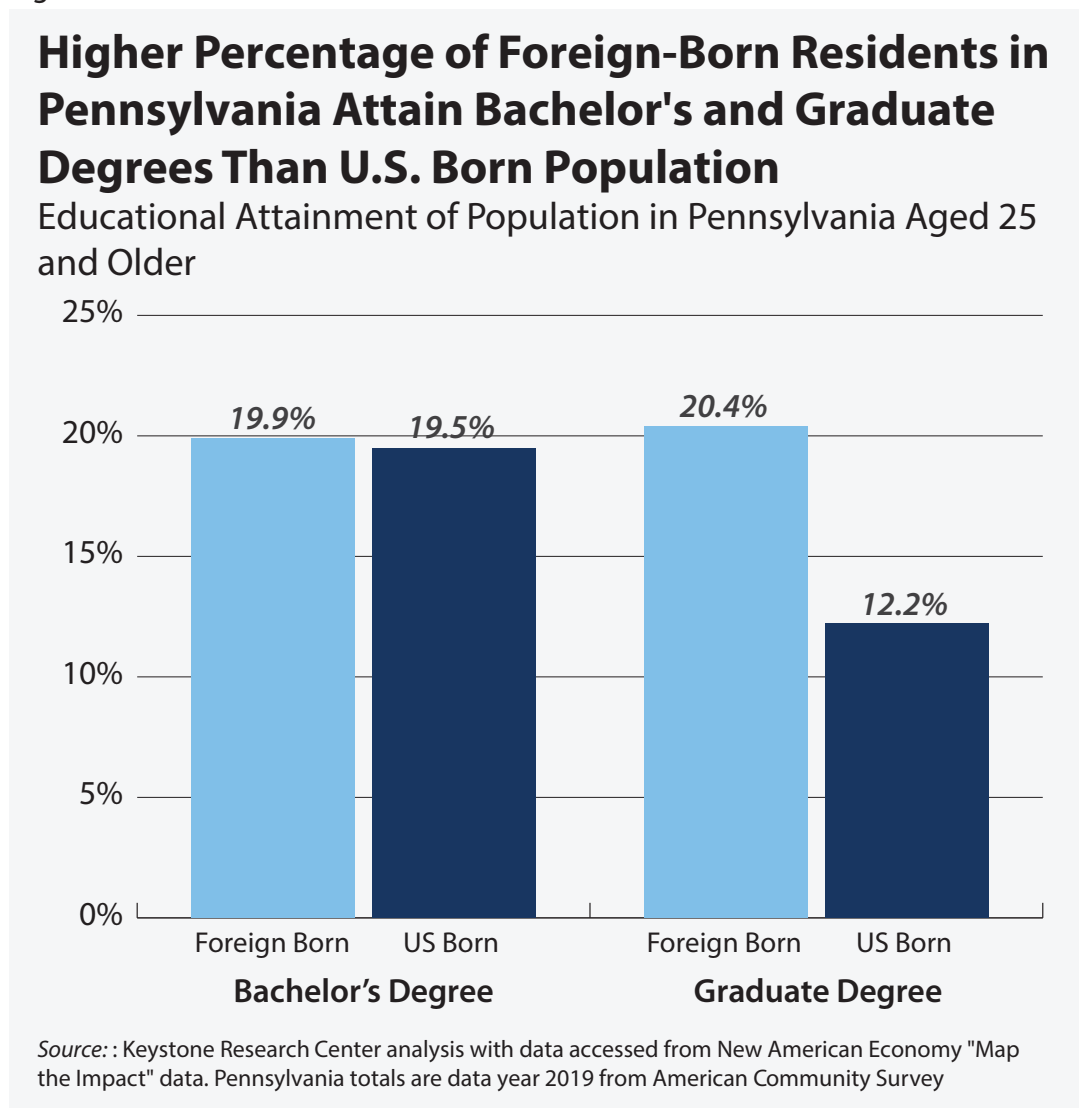


Unsurprisingly, the immigrant contribution to the economy far exceeds even the amount of taxes paid and spending power. There are more than 62,000 entrepreneurs in Pennsylvania who are immigrants with a combined income of more than \$1.7 billion. Of those 62,000, almost 12,000 are undocumented immigrants.

Immigrant-led households have paid a total of \$1.9 billion in rent during 2019.⁵

One reason that immigrants make such an important contribution to the economy is that they have a higher attainment rate of bachelor's and graduate degrees than the U.S.-born population (Figure 11). Given how important an educated workforce is to a modern economy, the greater willingness of immigrants to secure a college education enables them to make a critical contribution to the economy of Pennsylvania.

Figure 11.



⁵ The estimations here are made using American Community Survey data from the New American Economy, "Map the Impact" data. There are more detailed congressional district and national breakdowns of immigrant contributions coupled with local stories and articles on the subject at <https://www.newamericaneconomy.org/locations/pennsylvania/>.

In addition to the immigrants intending to stay in the country, Pennsylvania universities have many international students. Most of them intend to return to their country of origin after completing their education, although some change their minds and decide to stay. International students bring a highly valued perspective to education in Pennsylvania colleges and universities, and their tuition payments and consumer dollars support more than 25,000 jobs (Table 3). As shown, Pennsylvania has more than 50,000 students making a \$2 billion contribution. Very few of them qualify for any federal government aid.

Table 3.

Pennsylvania Has Over 50,000 International Students Who Collectively Make an Economic Contribution of \$2 Billion	
International students in Pennsylvania colleges and universities	50,070
Economic contribution of international students	\$ 2,000,000
Jobs supported by international students	25,115
Source. Keystone Research Center analysis with data accessed from New American Economy "Map the Impact" data. Pennsylvania totals are data year 2019 from American Community Survey.	

Immigrants' current contributions to our state are significant. Yet many immigrants have skills and education that is under-utilized, creating a great potential for growth at very little cost. Despite higher rates of labor force participation over the last decade, 20% of college-educated foreign-born adults, ages 25 and over, are underemployed or have skills and potential that are underutilized. Only 16% of all U.S. college-educated adults are underemployed. The failure to utilize the skills of the immigrant workforce creates significant brain drain. This leads some immigrants to relocate to other states and others to avoid coming here altogether.

There are several reasons that states such as New York see tremendous benefits and growth coming from their foreign-born population. One reason is that New York's immigrant population is much larger than that of Pennsylvania's, which is related to the state policy changes it's made that acknowledge and welcome immigrants' contributions. Studies done by the New York Fiscal Policy Institute outline the benefits gained from policies that expand access to driver's licenses and tuition assistance to the immigrant residents of the state.^{6,7} Pennsylvania could be a state that offers its residents the opportunity to really thrive. This would benefit all Pennsylvanians.

Eligibility for Government Assistance and Connection to Policy

Despite their immeasurable contributions to our communities and their measured contributions to our economy and tax system, undocumented immigrants are not eligible for most federally funded assistance programs.

6 For more information on the New York State DREAM legislation and its return on investment, please see the 2013 FPI report "The New York State DREAM Legislation: A strong return on investment" at: <https://fiscalpolicy.org/wp-content/uploads/2013/02/NYS-DREAM-legislation-ROI.pdf>.

7 For more information on the economic benefits of expanding driver's license access in New York, please see the 2017 FPI report "Expanding Access to Driver's Licenses" by David Dyssegaard Kallick and Cyierra Roldan at: <https://fiscalpolicy.org/wp-content/uploads/2017/01/FINAL-Drivers-licenses-report-2017.pdf>.

The most recent example of the exclusion of many immigrants from federal relief came in the form of the CARE Act and the American Rescue Plan, both of which left undocumented immigrants without stimulus payments depending on their immigration status and in some cases even excluded the U.S. citizen family members of undocumented immigrants. Furthermore, applications for unemployment insurance are dependent on two time periods for the applicant, the benefits period versus the amount of time they were present lawfully and holding a job. Permanent residents can apply for these benefits—however, any lapses in status for immigrants admitted through visas result in ineligibility. Currently, undocumented immigrants cannot apply for unemployment insurance as it requires legal working authorization.

Additionally, undocumented immigrant college students do not have access to in-state tuition rates regardless of how long they have lived in and contributed to the state. Both documented and undocumented immigrants do not have access to federal education grants and financial aid depending on their immigration status (green card holders are eligible). In Pennsylvania, undocumented residents do not even have access to driver's licenses as mentioned in our previous report.⁸

In regard to immigrant eligibility for benefits, state policies also vary. While some programs that are fully federally funded may not allow states to use funds to help undocumented immigrants, it is perfectly constitutional for states to enact policies that provide similar benefits or benefits beyond those provided by the federal government. There are several states, such as Texas and Maryland, that not only make in-state tuition rates available for undocumented immigrants, but also open up state-funded grants to all immigrants that need government assistance for tuition. As we saw above, despite the significant financial hurdles immigrants face in the realm of higher education, immigrants have a higher rate of attainment of bachelor's and graduate degrees than the U.S.-born population (Figure 11).

There are also 16 states, plus the District of Columbia, that have expanded access to driver's licenses for undocumented immigrants. Ultimately, the role of the state is to expand opportunity based on the funding it has and the needs it's identified. Other states that have enacted such policies have indicated that the economic and social benefits far outweigh the cost of these policies, which is negligible (and even non-existent in some instances).

Conclusion

The large contributions immigrants make to our communities, industries, and economy frequently go unrecognized. And those contributions have been made despite the many obstacles placed in their way. As has long been the case, documented and undocumented immigrants in the U.S. work and study very hard to create a better life for themselves and their family members. And just as that enabled immigrants in our past to overcome bigotry and legal barriers to make critical contributions to American life, it enables immigrants to do so today.

⁸ For more on the economic benefits of expanding driver's licenses in Pennsylvania, please see the 2020 report "Making Pennsylvania's Undocumented Immigrants Mobile: Enacting Driver's License Expansion Policy That Works for Everyone" by Maisum Murtaza at: https://krc-pbpc.org/research_publication/making-pennsylvanias-undocumented-immigrants-mobile-enacting-drivers-license-expansion-policy-that-works-for-everyone/.

That is how they contribute so much in so many ways: by providing much-needed labor especially in agriculture, construction, and manufacturing; by adding their \$25 billion in consumption to our economy; and by paying \$10 billion in taxes, including more than \$208 million in state and local taxes.

And by making up for lower birth rates, immigrants provide the much-needed labor force needed to pay for the Social Security payments of older generations—and they do so while, today, many have no hope of benefiting from the program.

Allowing immigrants to access government assistance, driver's licenses, and in-state tuition rates is justified because it is unfair to withhold earned benefits from people who pay so much in taxes and contribute to our economy. But immigration-friendly policies aren't just a matter of economic justice—they would enhance and expand the contributions that immigrants make to the Pennsylvania economy, which would benefit everyone.

