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The U.S. benefits from immigration but policy reforms needed to maximize gains

Recommendations and a review of key issues to ensure fair wages and labor standards for all workers

Report • By Daniel Costa, Josh Bivens, Ben Zipperer, and Monique Morrissey • October 4, 2024

Introduction and executive summary

Immigration has been a source of strength for the U.S. economy and has great potential to boost it even more, but the current U.S. immigration policy regime squanders too many of its potential benefits by depriving immigrants of their full rights as workers and granting employers too much power to manipulate the system. It is crystal clear that immigration expands U.S. gross domestic product and is good for growth. And immigration overall has led to better, not worse, wages and work opportunities for U.S.-born workers. Yet, it is also clear that when workers are denied full and equal labor and employment rights, as some immigrants are when their immigration status is used against them—it makes immigrant workers' lives more precarious and can harm the people with whom they work side-by-side in the same industries.

Even in the face of our unjust policy regime, immigration today provides numerous benefits to the U.S. economy. The nation could benefit even more, and the benefit could be shared more widely with a smarter set of immigration policies that benefit all workers.

The benefits are too often overlooked, and the challenges it poses for policymakers and U.S.-born workers are often grossly exaggerated. In this paper, we assess the evidence on immigration's effect on a number of economic outcomes given the policy status quo. We then go on to highlight how immigration status impacts wages and working conditions, and finally, offer recommendations on how to craft a better immigration policy regime—one that grants immigrants their full rights as workers in U.S. labor markets, generating broad benefits for U.S. and foreign-born workers alike. Our key findings are:

- **Immigration is enabling economic growth despite the sharp deceleration in the growth of the U.S.-born workforce.** Immigrants have risen as a share of the U.S. population in recent decades. Because immigrants are younger and more likely to be working age than the U.S.-born population, they have risen even faster as a share of the labor force. These trends

SECTIONS

are driven as much by the sharp deceleration of growth of the U.S.-born workforce as they are by a sharp increase in the absolute scale of immigration flows. Even when available data are adjusted to better reflect the notable increase in immigration in recent years, the growth of the foreign-born population since 2022 is not out of line with other historical periods (and is lower than what prevailed in the late 1990s). What *is* unprecedented in recent years is the rapid deceleration of growth in the U.S.-born population—a population that will soon start seeing outright contraction. Without immigration, the prime-age workforce (between the ages of 25 and 54) would have seen essentially no growth at all in the past quarter century, dramatically constricting the ability to grow our economy and staff key industries.

- **Immigration does not reduce the number of jobs available for U.S.-born workers and has provided a source of deflationary pressure in recent years.** Macroeconomic policymakers like the Federal Reserve and Congress have both the necessary tools and the obligation to ensure that demand in the economy is strong enough to absorb willing workers in a reasonable amount of time. Historical periods when job opportunities *have* become scarce were not driven by increased immigration flows but instead by the failures of macroeconomic policymakers to respond in a timely fashion to weakness in demand for labor. Immigration flows generally do not make policymakers' task of matching macroeconomic supply and demand any harder because immigrants add to both economywide supply (by increasing labor supply) and demand (by buying goods and services). Overall, immigrants likely tilt this balance more toward supply relative to U.S.-born workers, but only by a bit. This net supply increase is sometimes quite useful—by boosting supply a bit more than demand over the 2021–2023 period, immigration provided a source of deflationary pressure that helped bring inflation down in those years, while also assisting in preventing a recession.
- **Immigration's effects on U.S. wages overall range from neutral to slightly positive**. Immigrant workers tend to complement rather than substitute for U.S.-born workers of similar educational levels. The educational mix of immigrants is much more similar to that of U.S.-born workers than is often recognized, hence limiting the scope for competition from immigrants to lower wages for any U.S.-born workers of any particular educational background. Additionally, while the overall wage effects from immigration are neutral to slightly positive for U.S.-born workers, it is true that our flawed immigration policy regime often sees employers use the precariousness of some immigrant workers to suppress wage growth in particular sectors. Immigration reforms that remove this precariousness would aid the wage growth of both immigrants and the U.S.-born workers they work alongside in these labor markets.
- **Immigration is clearly positive for the balance of taxes and spending at the federal level**. Immigrants pay substantial amounts of tax (nearly $100 billion in the most recent years, and almost $60 billion in federal taxes) and yet are often excluded from drawing on key benefits. At the state and local level, the balance is much closer. The types of goods and services provided by these governments (public education and infrastructure, for example) are generally more available to immigrant families regardless of their legal status. Taken together, the net of federal and state/local taxes

and spending stemming from immigration flows is positive, with immigrants paying more in taxes relative to what they draw in spending than U.S.-born households.

- **Increased housing costs are caused not by immigration, but by the failure of U.S. housing markets to meet any new demand with more housing units rather than higher prices**. Immigration, like any source of population growth, can put upward pressure on housing prices on the demand side. Yet the rapid rise in housing costs over the past decade has come at a time when overall population growth has slowed significantly—indicating strongly that the root of the problem is a dysfunctional housing supply side that translates any housing demand increase into sharp price increases rather than newly constructed housing**.** This can be seen most clearly in the very large run-up in home prices in 2020 and 2021, just as rates of immigration were plummeting. Further, higher rental costs stemming from the intersection of population growth and supply-side rigidity actually boost housing wealth for homeowners, who are disproportionately U.S.-born. Finally, immigrants are a key source of labor that boosts the supply side of housing markets. Anti-immigrant reforms (like mass deportations) done in the name of preserving housing affordability for U.S.-born workers could well see large increases in housing costs due to resulting shortages of workers employed in residential construction.

- **People who immigrate into the United States increase the economy's stock of human capital and ideas, two crucial ingredients for long-run economic growth**. Immigrants can provide a key source of innovation and economic vitality. If immigration into the United States allows talented individuals a better chance of realizing their full potential and contributing to economic activity at their maximum level than they would have had in their country of origin, this immigration flow can be highly beneficial for both the U.S. and global economies. Research on past waves of immigration shows that they had positive causal effects on long-run economic growth in the United States.

- **Policy reforms that grant immigrants full rights in the labor market spur benefits for everyone in the U.S. economy**. The evidence is clear that workers who lack formal immigration status or have precarious or temporary immigration statuses experience degraded pay and conditions. Thus, the most obvious and pressing policy priority is to provide a quick and broad path to legal status and a green card (and eventually citizenship) for the currently unauthorized immigrant population. Regularization would provide a near instant wage boost for these workers, which would in turn bid up wages in the labor markets they share with U.S.-born workers. The same logic, backed by research, suggests that future immigration flows should rely much more on green cards than temporary work visas. Green cards give immigrant workers the ability to shop around for the best fit for their skills and abilities, which breaks employers' power over these workers and helps lift standards for all workers. Allowing temporary migrant workers to control their own visas rather than being tied to specific employers would also be a win-win for both foreign-born and U.S.-born workers.

- **Underresourced labor standards enforcement is enabling low-road employers to**

abuse immigrant workers with impunity and flout basic worker protections. Rather than spending tens of billions of dollars per year for immigration enforcement, what's needed are more resources and staffing for labor standards enforcement agencies and a more strategic focus on labor standards enforcement that does not take immigration status into account. Lawbreaking employers who abuse workers of any status should face much higher chances of being caught and much higher penalties than they currently do.

Immigration to the U.S. provides many economic benefits, and those benefits would increase substantially if immigration policy was improved to guarantee equal and enforceable labor and workplace rights. With proper alignment with other policy spheres, such as investment in physical and human infrastructure, win-win opportunities abound for the United States with respect to future immigration flows or even expansions.

Current and historical immigration and where immigrants are in the U.S. economy

Immigrants in the economy and recent growth in the immigrant population

Migrants and immigrants who resided in the United States in 2022 accounted for 13.8% of the population, as measured by the American Community Survey (ACS). The ACS is perhaps the most commonly used source for the size of the foreign-born population. However, we can get slightly more timely data from a different data source, the Current Population Survey (CPS). The CPS is also the most cited source of data on labor market trends in the United States. Because of this, we also show CPS-based trends in the annual foreign-born shares of the U.S. population in **Figure A**. In 2023, this share was 14.9%.[1]

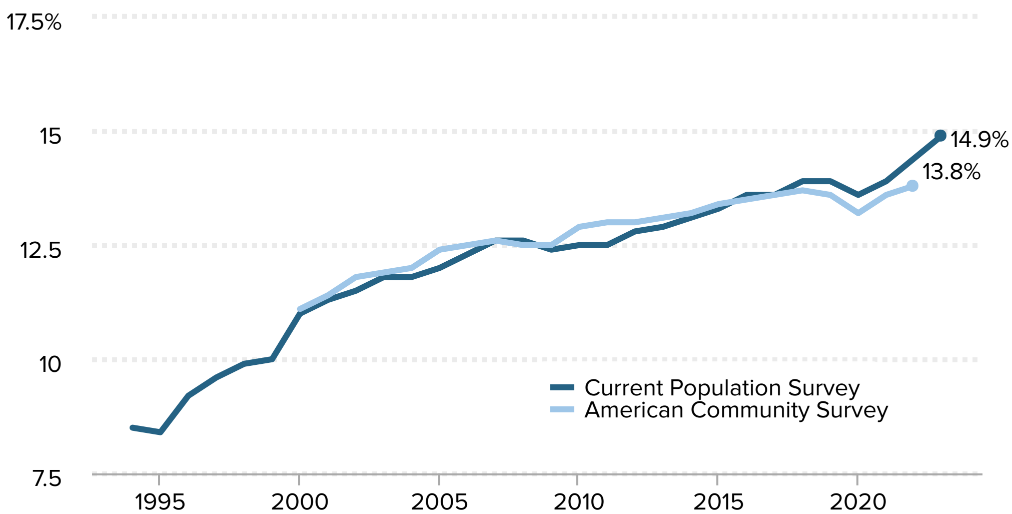
Because so many debates around immigration center around its effect on U.S. labor markets, in **Figure B** we also present the number and share of immigrants in the overall labor force, defined as those ages 16 and older who are working or seeking jobs. As of last year, the U.S. workforce had 31.0 million immigrants, or 18.6% of the total U.S. labor force. Since 2000, immigrants have been more likely to be in the labor force than U.S-born workers, largely reflecting the fact that immigrants are younger and more likely to be of working age than the U.S. born population.[2]

Immigrant flows have fluctuated greatly in recent years. During the beginning of the Trump administration and also the beginning of the coronavirus pandemic, immigration slowed due to border closures and other restrictions. As those restrictions were lifted, a strong U.S. labor market and high employer demand for workers coincided with a reestablishment of the administrative elements of the immigration system and higher immigration flows. Immigration flows over the last two years have been relatively high

Figure A

U.S. immigrant population as a share of the total population

American Community Survey estimates from 2000–2022 and Current Population Survey estimates from 1994–2023



Note: American Community Survey estimates for 2020 may be unreliable due to disruptions in data collection caused by the COVID-19 pandemic. For more detail, see Ceci A. Villa Ross, Hyon B. Shin, and Matthew C. Marlay, *Pandemic Impact on 2020 American Community Survey 1-Year Data,* U.S. Census Bureau, October 27, 2021.

Source: EPI analysis of American Community Survey, accessed via Ruggles et al. 2024, IPUMS USA: Version 15.0 [2000–2022], Minneapolis, MN: IPUMS, 2024; and the EPI Current Population Survey extracts from the Economic Policy Institute, 2024, Version 1.0.54.

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according to some estimates, prompting calls for more immigration enforcement at the U.S. southern border and restrictions on asylum, and discussions about the number of new arrivals that the U.S. economy can absorb.

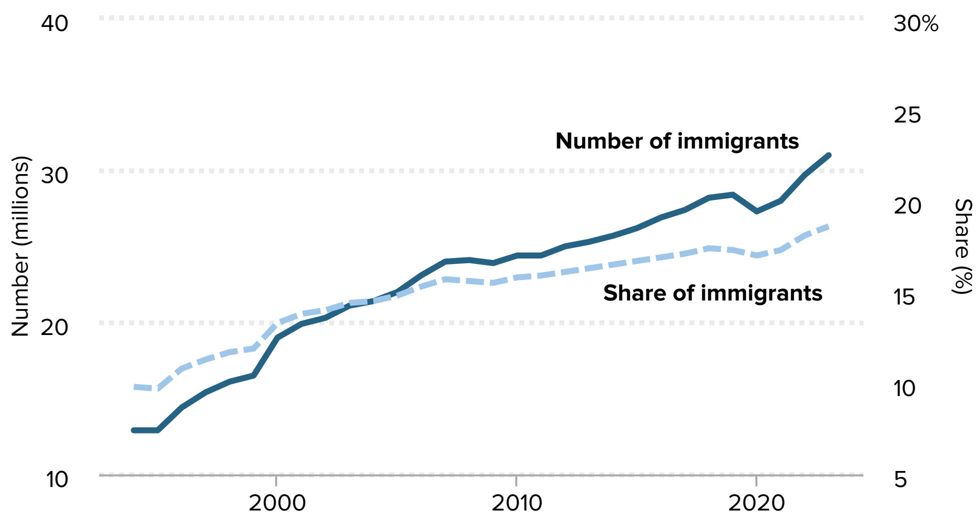
However, **Figure C** shows that while recent flows of migrants and immigrants into the United States have been high, the number of immigrants residing in the United States at any given point is growing at a rate similar to other periods of high immigration like the late 1990s. The decennial censuses estimated that the foreign-born (immigrant) population grew by 4.6% annually between 1990 and 2000. Between 1994 and 2000, the immigrant population in the CPS grew by 5.6% annually. In contrast, recent data from the CPS show that the 2022–2023 immigrant population growth rate was 3.7%.

Recently there has been some debate as to whether the CPS may underestimate recent growth in immigration levels.[3] After making an adjustment to account for this undercount, the CBO (2024) estimated significantly higher immigration levels using CPS data, but even with this adjustment, the modified CBO/CPS flows between 2022 and 2023 are still lower than estimates from the late 1990s. The modified CBO/CPS immigrant population growth between 2022 and 2023 was 4.8%, compared with an annual rate of 5.6% between 1994

Figure B

The immigrant workforce has steadily grown over three decades

The number and share of immigrants in the U.S. labor force, 1994–2023



Notes: Immigrants are defined as the foreign-born population, including noncitizens and naturalized U.S. citizens, but excluding the population born abroad to American parents, following the Census Bureau's convention on estimating the foreign-born population.

Source: EPI analysis of the Current Population Survey Basic Monthly microdata, EPI Current Population Survey Extracts, Version 1.0.52 (2024), https://microdata.epi.org.

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and 2000 using the unmodified CPS.[4]

The rates in Figure C also show how U.S.-born population growth has been declining, from 0.9% annually in the 1990s to 0.2% in 2022–2023. **Figure D** examines this in more detail, focusing on the prime-age labor force—i.e., those who are ages 25 through 54 and employed or seeking work. Over the last three decades, the total size of the U.S.-born prime-age labor force has essentially stayed the same. In fact, were it not for immigration, the total prime-age U.S. labor force would have stagnated: Over 95% of the cumulative growth of the labor force in the past three decades is due to immigration.

Occupations that rely heavily on immigrants

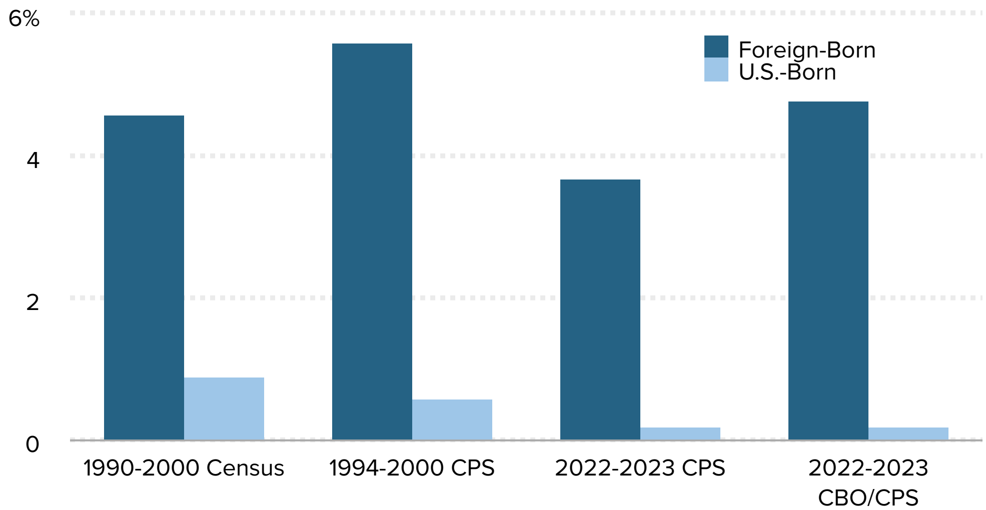
In 2023, immigrants were about 18.6% of U.S. employment, and many immigrants are disproportionately concentrated within a select number of occupations. **Table 1** shows the top-ten major occupation groups with the highest shares of immigrants. These occupations have immigrant shares of employment ranging from about 21% to 40%, and together they comprise just over half (54%) of all employed immigrants in 2023.

Immigrants are often associated with agricultural occupations—and they do comprise two-thirds of the workforce in crops (Fung et al. 2023), but because of the relatively small total

Figure C

The current growth of the foreign-born population is not unprecedented

Annual population growth by country of birth and time period



Note: Annual foreign-born and U.S.-born growth is the annualized change in the population levels over the given time period. CPS stands for Current Population Survey, and CBO stands for Congressional Budget Office.

Sources: 1990 and 2000 census population levels from Table 1 of U.S. Census Bureau, *The Foreign-Born Population: 2000*, December 2003. 1994, 2000, 2022, and 2023 CPS population levels from EPI analysis of the Current Population Survey Basic Monthly microdata, EPI Current Population Survey Extracts, Version 1.0.52 (2024), https://microdata.epi.org. 2022 and 2023 Congressional Budget Office/CPS population levels are from Congressional Budget Office, *The Demographic Outlook: 2024 to 2054*, January 18, 2024 (Social Security Area total population levels are from Figure 2 and the CPS-based foreign-born population shares are from Appendix B).

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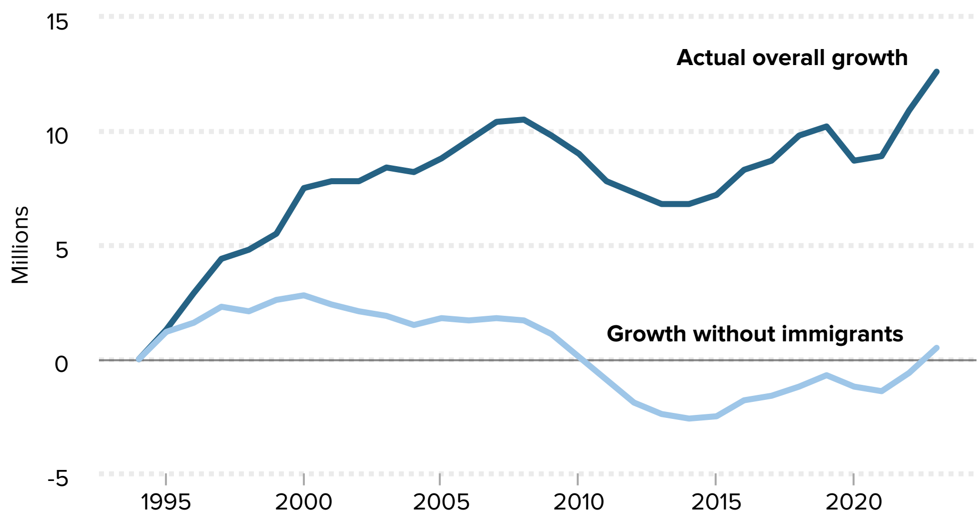
size of agricultural occupations overall, most immigrants work in other types of jobs. For example, in 2023, 2.2 million immigrants were employed in “Building and grounds cleaning and maintenance” occupations, like janitors, custodial workers, and landscapers, accounting for 40% of employment in the occupation. For the purpose of comparison, the 2.2 million immigrants in the occupation is the roughly the same number of all hired farmworkers, including immigrants and U.S.-born citizens (USDA 2024). Immigrants were also about one out of every four (24%) workers in “Healthcare support occupations,” which include jobs like home care aides and nursing, dental, and medical assistants.

While immigrants work in some high-paying occupations, many of the occupations in which immigrants are disproportionately concentrated typically pay low wages. Table 1 shows that a majority of the top-ten occupation groups with higher shares of immigrants have median hourly wage rates that are substantially lower than the national median wage. For example, building and grounds cleaning and maintenance workers, who had a national median wage of $17 an hour in 2023, were paid 32% less than the 2023 national median wage of $25 per hour.

Figure D

Immigration is the primary source of growth in the prime-age labor force

Labor force growth since 1994 for ages 25–54, overall and without immigrants (in millions)



Notes: Immigrants are defined as the foreign-born population, including noncitizens and naturalized U.S. citizens, but excluding the population born abroad to American parents, following the Census Bureau's convention on estimating the foreign-born population. The growth without immigrants is cumulative growth of the U.S.-born population.

Source: EPI analysis of the Current Population Survey Outgoing Rotation Group microdata, EPI Current Population Survey Extracts, Version 1.0.48 (2024a), https://microdata.epi.org.

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Health care support occupations are also paid a wage that is much lower than the median national wage (28% lower). These occupations, however, are expected to be among the fastest growing over the next decade according to the Bureau of Labor Statistics (BLS 2023). If BLS employment projections turn out to be correct, and if we assume that immigrant workers will continue to fill the same share of jobs in the occupation that they do now (24%), then that implies over 250,000 more immigrants will be needed for health care support jobs alone between 2023 and 2032 (BLS 2024b). Low wages and large workforce requirements suggest that we should ensure that immigrants who fill these jobs arrive with full and equal employment rights and a path to citizenship. The second-fastest growing occupation according to BLS will be in computer and mathematical occupations, an occupation that is expected to grow by 15.2% (BLS 2023) and in which 27% of current workers are immigrants.

Table 1

Immigrants comprise a significant share of workers in both high- and low-paying major occupations

Top-10 occupations for immigrants by share of employment in the occupation, number of immigrants employed in each occupation, median wage for the occupation, and difference from national median wage for all workers

Occupation	Number of immigrants employed	Immigrant share of total employment in occupation	Median wage for the occupation	Difference from national median wage for all workers
Building and grounds cleaning and maintenance	2,199,000	40%	$17.00	-32%
Farming, fishing, and forestry	380,000	39%	$16.00	-36%
Construction and extraction	2,899,000	34%	$24.75	-1%
Computer and mathematical science	1,737,000	27%	$45.79	83%
Production	1,978,000	24%	$22.00	-12%
Food preparation and serving related	1,964,000	24%	$16.00	-36%
Health care support	1,212,000	24%	$18.00	-28%
Life, physical, and social science	415,000	22%	$37.50	50%
Transportation and material moving	2,561,000	22%	$20.00	-20%
Personal care and service	887,000	21%	$17.25	-31%

Note: Occupational group median wages are for all workers in that occupation, including both U.S.- and foreign-born workers. The national median wage for all workers in 2023 was $25.00.

Source: EPI analysis of the EPI Current Population Survey extracts from the Economic Policy Institute, 2024, Version 1.0.54.

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Economic effects and impacts of immigration

This section provides a review of arguments and evidence on how immigration can affect economic outcomes. We focus on a range of issues in which particular concerns about the effects of immigration have been commonly raised in public debates: jobs, wages, fiscal effects, housing, and long-run economic growth. We also highlight in each section how policy changes can loosen any particular trade-off that might bind from balancing the benefits of higher immigration and the economic welfare of U.S.-born residents.

This focus on the economic welfare of U.S.-born residents is not because it is the only population we care about. It is instead because this is a politically salient issue, and because disentangling the effects on U.S.-born residents helps inform sound policymaking to promote broadly shared prosperity.

For example, calculations are occasionally presented regarding the "economic impact" of immigration that simply tally up all spending done in the U.S. by immigrants. This is a large-sounding number (on the order of hundreds of billions of dollars at least). But increasing overall gross domestic product (GDP) or overall consumer spending by increasing the number of people (and workers) in an economy does not mean much in terms of impacting the welfare of any individual (whether immigrant or native-born) in that country. What matters far more for human welfare is income or spending *per capita*, and how it grows over time.

An equally useless exercise would be to remove a particular set of immigrants from calculations of per capita GDP—note that this removal increases per capita GDP—and suggest that this tells us something about the economic effect of immigration. Removing lower-income segments will inflate the average income of any group simply through composition effects. This removal does nothing to boost any real person's income or living standards; it is simply an arithmetic quirk.

In what follows, we aim to provide a serious discussion of the substantive effects of immigration on various economic outcomes.

Employment effects of immigration

A common trope in immigration debates is that immigrants take jobs away from native-born workers. The weakness in this argument is fairly obvious: It presumes there are a fixed number of jobs that does not respond at all to rising immigration flows. But that's not how employment generation works. Take the most obvious example of why this reasoning is wrong: There are 70 times more people in the United States as there are in Norway (a similarly rich country). There are also almost 70 times as many jobs in the United States as there are in Norway. Is it just a lucky coincidence that the United States was able to generate 70 times as many jobs as Norway and give decent employment outcomes for our much larger population?

Obviously not. When an economy is being managed well, it should be providing a job for essentially all people in the economy who want to work regardless of how large or small that number of people is. Immigration does not change this, and it does not even put much pressure at all on the mechanisms that are supposed to ensure near full employment of every person who wants a job.

In the jargon of macroeconomists, unemployment rises when growth in *aggregate demand* lags behind growth in *potential output*. Aggregate demand is simply all desired spending in the economy; consumption spending by households, investment spending by businesses, and public spending by governments. Potential output is a measure of how much the economy could produce if nearly all of the economy's willing workers were employed. When aggregate demand falls beneath the economy's potential output, then unemployment rises.

This logic might at first glance seem to buttress fears about increased immigration in generating unemployment—a larger labor force boosts the economy's potential output, and if this boost pushes it above the economy's aggregate demand, then unemployment results. But the fault in this story is essentially never that potential output is rising too fast; it is instead that aggregate demand is falling too rapidly (or rising too slowly).

The key insight here is that aggregate demand moves far more quickly than potential output, and it swings up and down much more in compressed periods of time. In short, recessions and recoveries are clearly driven by these quick and large movements in aggregate demand, not in the steady rise of potential output.

So long as policymakers recognize any change in potential output in a reasonably short time frame—like an increased labor supply stemming from immigration—then they can adjust aggregate demand to ensure enough jobs are created to keep unemployment rates from rising. Aggregate demand can be boosted through either monetary or fiscal policy interventions, with the Federal Reserve using monetary policy tools like interest rate cuts to boost demand and Congress and the president setting taxes and spending at levels that boost demand when that is needed (in practice, fiscal policy is the more powerful tool if used effectively). Support for the idea that policy can quickly restore falls in aggregate demand is provided by the U.S. economic recovery from the COVID-19 recession. In late 2020, there was a burst of job creation as the first wave of the pandemic eased and the economy reopened. Nevertheless, in December of that year, the unemployment rate remained high at 6.7%, and job growth had turned negative. But thanks to fiscal recovery packages passed in December 2020 and March 2021, by the end of 2021 the unemployment rate had already fallen below 4.0%—essentially matching the immediate pre-pandemic level.[5]

Further, policymakers in charge of aggregate demand really do not have to try all that hard to keep aggregate demand matched to potential output as immigration flows rise. Immigrants do boost potential output—but they also boost aggregate demand. That is, immigrants are not only workers, but they are also consumers.

Relative to U.S.-born residents, immigrants do tend to boost potential output a bit more than they boost aggregate demand, mostly by virtue of being younger and hence more likely to work than U.S.-born residents.[6] Because immigration boosts potential output a bit more than aggregate demand, the net effect is slightly *deflationary*. Overall, this deflationary slant of immigration is neither good nor bad. Sometimes deflationary influences in the economy need to be counterbalanced by policymakers, but sometimes deflationary influences just help reach targets policymakers are already aiming for.

The obvious example of the latter is the beneficial deflationary effect of a rebound in immigration following the immigration collapse of 2020. The pandemic led to a very sharp fall in net immigration in that year (in part because of slowdowns of visa processing at U.S. consulates around the world and mass layoffs in sectors with a heavy immigrant worker presence). As the pandemic also led to a sharp rise in inflation as the economy recovered, policymakers began looking for ways to reduce these inflationary pressures in late 2021 and 2022. The rebound in immigration flows in 2022 and 2023 clearly went in the correct direction to help tamp down inflation, though this effect can be exaggerated. The overall dynamics of inflation over the whole 2021–2023 period were generally not driven by the labor market. Wage growth consistently muffled instead of amplified price inflation, and it was the extraordinary growth in corporate profit margins that was a key part of the initial inflation surge in 2021.[7] Though inflation was not caused by labor markets, the rebound of immigration flows in 2022 and 2023 provided some measure of deflationary relief in those years.

It is also worth noting that immigration is not the only challenge facing policymakers in charge of aggregate demand. Similar challenges exist for all sorts of economic influences—technological change, exchange rate movements driven by events abroad, sharp changes in household wealth driven by financial market excesses, and many others. There is nothing uniquely challenging about sustaining job creation in the face of immigration flows if policymakers have the will to do it. If any significant number of U.S.-born workers are finding it hard to find work, it is macroeconomic policymakers, not immigrants, who are to blame.

As important as it is for policymakers to keep unemployment low for all workers, this consideration should be mostly irrelevant when considering optimal immigration policy. U.S. immigration policy should decide the level and composition of immigrant flows that the U.S. should seek to absorb—taking into consideration the need for new workers or to meet humanitarian obligations, etc.—and in terms of the effect of that immigration policy on jobs and employment for U.S.-born workers, macroeconomic policymakers should just seek to keep aggregate demand at levels that keep unemployment low and jobs plentiful for the number of people entering the workforce.

It is worth reemphasizing how much the experience of the U.S. labor market in the years after the pandemic highlights the point that there is no trade-off between immigration and job opportunities for U.S.-born workers. Even as there has been an increased inflow of immigrants and immigrant workers in recent years following the dip driven by the Trump administration and pandemic shutdowns, unemployment rates for U.S.-born workers are historically low, and the share of prime-age U.S.-born workers with a job is historically high.

While we remain concerned that in the medium- to long-term, there are potential significant challenges to having millions of new workers entering the workforce who only have temporary, precarious statuses, it is nevertheless an odd historical moment indeed to raise the specter that rapid growth of immigrant workers is hurting the job prospects of U.S.-born workers. Very simple policy changes—namely, providing these workers with full workplace rights and the ability to participate in society that comes with a green card—could blunt those challenges and maximize the economic benefits these new workers can bring.

Finally, we should note that while immigration poses no real challenge to creating enough jobs for U.S.-born workers, one particularly damaging form of immigration policy could profoundly affect these jobs: mass deportation. One example comes from a recent study by East et al. (2023), which looked at past episodes of significant deportations and found that for each 1 million immigrants seized and deported from the United States, 88,000 jobs were lost for U.S.-born workers. These deportations reduced local demand for output, which led to job loss, and they led to employers having to shut down all production in the face of key bottlenecks incurred by losing their immigrant workforce, including production that supported employment of U.S.-born workers.

Immigration and wages

One of the major concerns about immigration is that it could reduce the wages of U.S.-born workers. Yet across the economy broadly, a large body of empirical evidence suggests this concern is misplaced. A review by Peri (2014) of more than 270 estimates from 27 published studies found that the average effect of immigration on native-born wages is essentially zero. Two-thirds of studies were clustered around zero, finding small positive or small negative effects. The comprehensive review of immigration, wages, and employment by the National Academies of Science, Engineering, and Medicine (NASEM) found that "when measured over a period of more than 10 years, the impact of immigration on the wages of natives overall is very small" (NASEM 2017). Below we explain some of the mechanisms behind why increased immigration does not tend to harm the wages paid to U.S.-born workers, at least at the broader nationwide level.

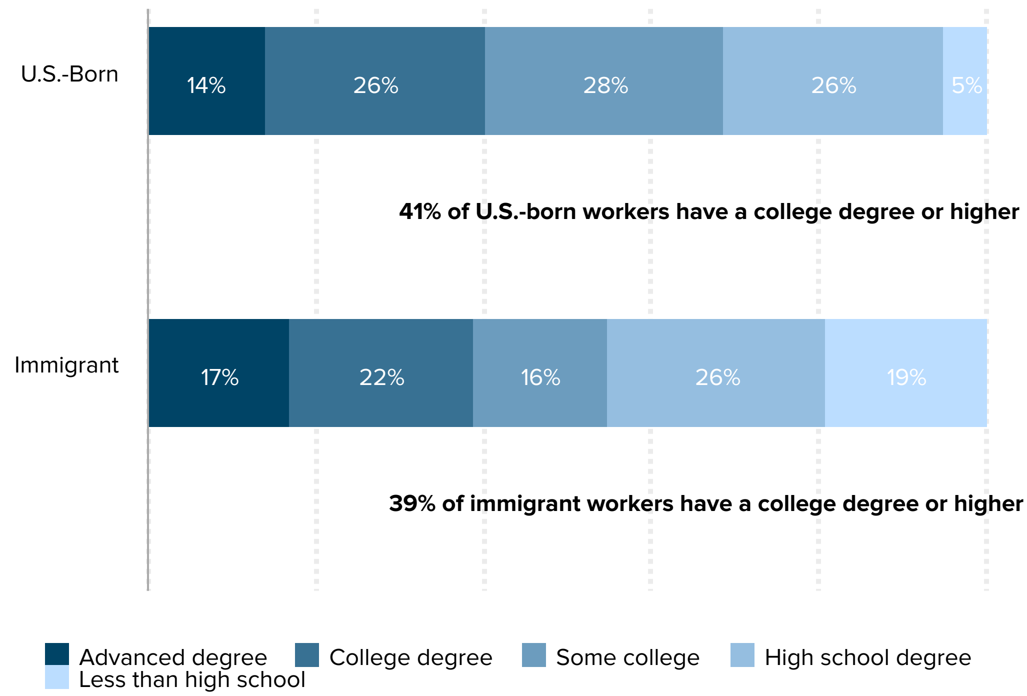
The conventional warning about how immigration can reduce the wages of U.S.-born workers is a supply-side story in which large flows of immigrants push down the market wages of otherwise comparable native-born workers. In this story, the labor market employs some mix of workers of different education levels: workers with college degrees and workers without college degrees. Under this theory, the relative supply of and demand for these different types of workers determine their relative wages. Immigration can then change the wage structure by changing the mix of low-education and high-education workers. In particular, if immigration increases the relative supply of workers without a high school degree, there could be downward pressure on market wages for all low-education workers, including U.S.-born workers.

To a rough approximation, however, immigration in the United States in recent decades has not dramatically changed the relative mix of the workforce that has or doesn't have

Figure E

Immigrants and U.S.-born workers have similar levels of college education

Education distribution of the labor force in 2023, for U.S.-born and foreign-born



Notes: Immigrants are defined as the foreign-born population, including noncitizens and naturalized U.S. citizens, but excluding the population born abroad to American parents, following the Census Bureau's convention on estimating the foreign-born population.

Source: EPI analysis of the Current Population Survey Basic Monthly microdata, EPI Current Population Survey Extracts, Version 1.0.52 (2024), https://microdata.epi.org.

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college degrees. **Figure E** shows that the share of foreign-born workers with a college degree is similar to that of U.S.-born workers: About 4 in 10 people in the U.S. labor force has college degrees, whether or not they were born in the United States or in another country. This empirical fact greatly reduces the scope of any substitution between types of workers and therefore also limits any resulting wage effect of immigration on U.S.-born workers. Historically, increasing the number of immigrants has had little effect on the educational mix of U.S. workers.

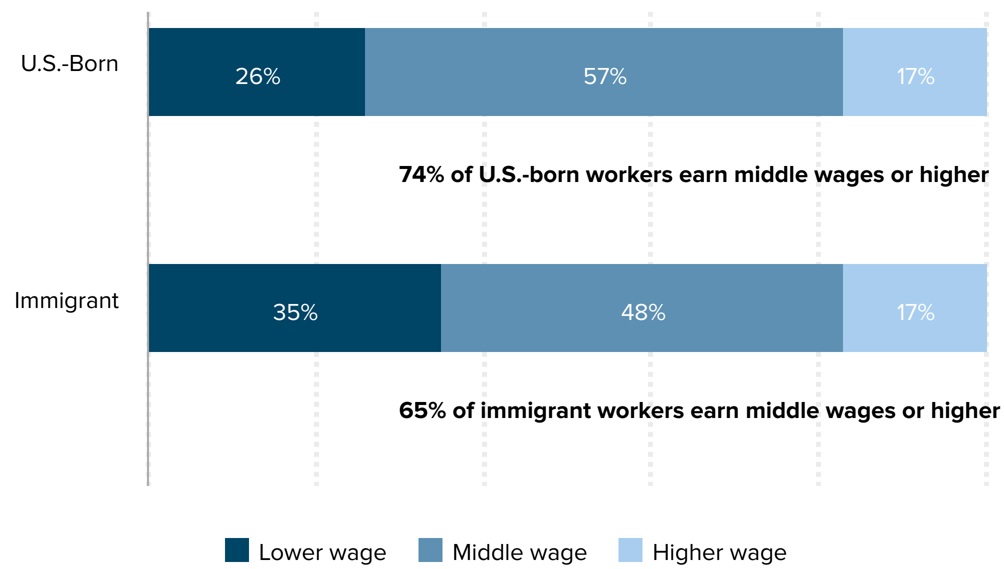
Wages are, of course, not solely determined by a simple model of college and noncollege labor, and the education distribution of immigrants is not completely identical to U.S.-born workers. There are relatively more foreign-born workers with no high school degree, but also relatively more foreign-born workers with advanced degrees. But adding more real-world complications to a simple model of wage determination also further limits the scope of immigration's effect on the overall wages of U.S.-born workers.

For example, immigration to a particular area also increases demand for goods and

Figure F

Two-thirds of immigrant workers earn middle wages or higher

Earnings distribution of full-time year-round workers in 2018–2022, for U.S.-born and foreign-born



Source: Immigration Research Initiative analysis of 2017-2021 American Community Survey data. See Figure 1 in *Immigrants in the "U.S. Economy: Overcoming Hurdles, Yet Still Facing Barriers*.

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services. As immigrants purchase food and housing, they raise the overall demand for labor, offsetting the potential wage decreases induced by increased labor supply. In addition, investment will eventually respond to the increased demand and also to the increased population growth that raises the relative productivity of physical capital. Once capital can adjust to the change in population, there is little to no long-run effect of immigration on average wages (Card 2012).

The naïve story about college and noncollege workers above implicitly assumes that at least within education categories, foreign-born workers are essentially identical to U.S.-born workers. However, empirical evidence like Peri and Sparber's (2009) makes clear that even within education categories, U.S.- and foreign-born workers often have different skills and perform different tasks at work.

It is also useful to point out here that the idea or claim that most immigrants work in low-wage jobs is inaccurate. As depicted in **Figure F**, Kallick and Capote (2023) found that among persons who work full-time and year-round, the share of immigrants with higher-wage jobs that pay more than twice the median earnings level (17%) is the same as the share of U.S.-born workers. They also found that 65% of immigrant workers who work full-time and year-round earn at least two-thirds of median earnings.

Immigrants may be overrepresented in some jobs and underrepresented in others, but the difference between the U.S.- and foreign-born shares is rarely as dramatic as is often assumed. Immigrants are strongly represented in some high-wage jobs and play a significant role in many middle-wage jobs. For example, 24.6% of dental, nursing, and health aides are immigrants, as are 37.7% of computer software developers—well above immigrants' 18.6% share of the labor force.[8] While immigrants are overrepresented in low-wage occupations, immigrants are a significant part of the top, middle, and bottom of the economic ladder in the workforce.

A final reason the wage impact of immigration is smaller than one might expect is that recent immigrants are very geographically mobile. Basso and Peri (2020) show that newly arrived immigrants with less than ten years in the United States are more likely to move across states and different labor markets than U.S.-born workers. When employment demand in a local labor market is declining (or increasing), recently arrived immigrants are much more likely than native-born workers to move away from (or into) that locality. Because of this exit option, employers may have somewhat less leverage over immigrants than they would otherwise. Recently arrived immigrants therefore reduce the monopsony and wage-setting power employers have over immigrants and also U.S.-born workers who are viewed as substitutes.

At the same time, research has shown that some incumbent foreign-born workers are more likely than U.S.-born workers to be substituted by employers for newly arrived immigrants. As a result, the wage effects of increased immigration on previous immigrants may be more negative. Ottaviano and Peri (2012) found that while immigration had small positive effects on the wages of U.S.-born workers, it had negative effects on the wages of foreign-born workers. Policies should thus be implemented to ensure that wages are not degraded for immigrants who have already resided in the United States for many years.

Immigration, taxes, and public spending

The preponderance of the research and evidence shows that immigration does not create a fiscal burden. Differences between the U.S.-born and immigrant populations in the taxes they pay and the public services and benefits they receive improve the fiscal position of the federal government while, to a lesser extent, putting financial pressure on state and local governments. As detailed in the 2017 NASEM report and related research, the net effect is positive over the lifetimes of immigrants, their children, and grandchildren (NASEM 2017; Orrenius 2017).

The fact that immigration is a boon to the federal government's fiscal balance but a strain on state and local governments' balances can be addressed by increasing the federal share of jointly funded programs. Since the federal government already transfers nearly a trillion dollars annually to state and local governments through numerous grant programs, these transfers could simply be made more generous. A perhaps bigger challenge is that the short-term fiscal impact of immigration can be negative even if the long-term impact is positive.

Relative to U.S.-born residents at equivalent income levels, immigrants put less strain on other taxpayers because they have high employment rates and do not qualify for many public services and benefits. Further, immigrants have little or no impact on the cost of national defense, foreign aid, interest on the national debt, and similar expenses known as public goods. However, if an equal share of these costs is assigned to immigrants, the NASEM report found that they and their children and grandchildren will pay less in taxes than they will receive in services and transfer payments over their lifetimes, as is also true of U.S.-born residents (keeping in mind that the United States consistently runs a budget deficit in the consolidated government sector).

This does not mean that immigration is costly to U.S.-born residents, however. To the contrary, immigrants will pay more in taxes than the additional public spending they generate. That is, immigrants' net contribution is enough to reduce the taxes paid by others—just not enough to cover a proportionate share of public goods like national defense and interest on the debt (NASEM 2017; Orrenius 2017).

Most immigrants to the United States arrive as adults, and some 30–40% later return to their countries of origin, often following a drop in earnings (NASEM 2017; Migration Policy Institute 2022; Akee and Jones 2024). As a result of these patterns of migration and return migration, much of the cost of immigrants' upbringing and education, and some of the cost of supporting them in disability or old age, are borne by their families and the governments in their countries of origin. More of their time spent in the United States, meanwhile, is during prime working-age years when people tend to pay more in taxes than they receive in public services and benefits.

Immigrants have somewhat larger families than U.S.-born residents, though not large enough to stem a decline in the under-20 U.S. population in recent years (SSA 2023). In 2017, immigrant women were estimated to have 2.18 children over their lifetimes, versus 1.76 for U.S.-born woman (Peri 2020). Given the low U.S. birth rate, immigration itself and larger immigrant families were the only factors preventing the U.S. population from shrinking.

As discussed elsewhere in this report, immigrants are more likely than U.S.-born residents to lack high school degrees, but also more likely to have advanced degrees and to work in STEM fields ("STEM" refers to science, technology, engineering, and mathematics). Research shows that immigrants tend to be highly innovative and entrepreneurial, and their presence boosts productivity growth. For example, Hunt (2011) found that immigrants were roughly twice as likely as U.S.-born residents to be granted patents, including patents that are licensed or commercialized, and Peri (2012) found that productivity is higher in areas that attract immigrants based on historical settlement patterns and distance from the Mexican border (factors that are used as statistical instruments to differentiate between higher productivity attributable to immigrants versus immigrants being drawn to higher-productivity areas).

While lifecycle patterns tend to benefit countries attracting immigrants, economic migration of less-educated immigrants from poorer to richer countries can increase spending on means-tested benefits. This may be less true in the United States than in many other destination countries, however, because the United States has a less generous safety net than most wealthy countries and because many immigrants to this country are ineligible for, or dissuaded from, accessing benefits (Lacarte, Gelatt, and Podplesky 2024). Moreover, people who take on the costs and risks of migration, even if they hail from countries with lower educational attainment, tend to have a high capacity for gainful employment, often supporting less healthy or skilled family members back home (Feliciano 2020).

Immigration of working-age adults slows the rise in the age dependency ratio—the size of the population 65 and older relative to that of the prime working-age population. Immigrants' relatively high birth rate, conversely, slows the decline in the youth dependency ratio—the under-20 population relative to the working-age population. The net effect on the working-age share of the U.S. population is positive, though the impact on public finances also depends on the relative cost of different programs.

Generally, faster population growth will tend to increase the tax rates needed to fund education and other programs that primarily benefit young people while reducing the tax rates needed to fund Social Security, Medicare, and other programs that primarily benefit older people. In addition to the relative cost of these different programs, timing matters. As a result of the decline in birth rates that followed the post-World War II baby boom, the United States, like many countries, has an aging population, such that funding Social Security and Medicare is a bigger challenge than funding education. This demographic imbalance is even more acute in other countries, notably Japan, which admits too few immigrants to allow a shrinking workforce to support its aging population.

Age, family size, and earnings potential are not the only factors affecting the net impact of immigration on public finances. For example, recent research indicates that unauthorized immigrants pay just under $60 billion per year in federal taxes and over $37 billion in state and local taxes (Davis, Guzman, and Sifre 2024). Yet many benefits, notably Medicare, are not accessible if an immigrant returns to their home country even if they are naturalized U.S. citizens or were legal residents who had paid into the program and would have been eligible for benefits if they had remained in the United States. Other benefits, such as Social Security, are portable but are not available to unauthorized workers. Though some means-tested benefits are currently available to unauthorized immigrants—a few states extend health and other benefits to low-income families regardless of legal status—take-up by immigrants is low since many fear it could jeopardize their ability to remain in the country or apply for citizenship (KFF 2023).

Millions of unauthorized immigrant workers contribute to Social Security using numbers that are not their own. This reduces Social Security's projected shortfall but does so at the expense of a disadvantaged population. Immigration reform that allows immigrants to fully participate in society would help future immigrants receive the benefits to which they contribute. It could also potentially help some immigrants access benefits that can be linked to past contributions through Individual Taxpayer Identification Numbers (ITINs).

As discussed elsewhere in this report, immigration reform that includes a broad regularization for those who lack an immigration status would increase earnings, reported earnings, and the taxes paid on these earnings, including contributions to social insurance programs such as Social Security and Medicare. However, the net impact on these contributory programs as well as some programs funded by general revenues, such as Medicaid, could be negative in the short run if immigrants who paid into these programs gain access to benefits. Factoring in both increased revenues and increased costs, however, the Congressional Budget Office estimated in 2013 that legislation that would have significantly increased the number of immigrants living and working legally in the United States would have decreased federal budget deficits by nearly $200 billion over a 10-year period (Elmendorf 2013).

In the long run, society generally gains when workers have full legal rights and protections and are able to achieve their full potential. However, there is always the potential that a large influx of new migrants or immigrants earning low wages, if they were eligible for most government benefits, could tilt the balance toward a negative fiscal impact in the short run. This should not be the only consideration, however, in decisions about whether to welcome or extend government benefits to vulnerable immigrants, just as humanitarian policies should not be expected to pay for themselves. It is worth noting, in any case, that even in the case of refugees and asylees who tend to have low educational attainment and are eligible for the same government services and benefits as U.S. citizens, a recent report found that their fiscal impact is positive in the long run (Ghertner, Macartney, and Dost 2024).

Studies that find negative fiscal impacts from immigration of lower-wage workers typically ignore dynamic effects on prices, productivity, and profits that improve U.S. residents' living standards. Correcting for one of these omissions, a study accounted for increased tax revenue from higher profits attributable to immigration and found that the net fiscal impact of immigrants without college degrees changed from negative to positive when this revenue was taken into account (Clemens 2022).

Immigrants' positive fiscal impact reflects their strong motivation and ability to improve their lives. Uprooting one's life to travel to a new country to live and work is costly and risky, so people with a higher-than-average earning potential are more likely to emigrate, even if their formal education is limited (Feliciano 2020). As a result, after an initial adjustment period, immigrants tend to have high employment rates compared with the general population. They also tend to be more geographically mobile in response to economic conditions within the United States, boosting productivity growth by better matching workers and jobs (Basso and Peri 2020).

The success of immigrants extends to their families and can have spillover effects on the general population. The children of immigrants, most born in the United States, are more likely to have college degrees and are less likely to be poor than other Americans (Pew 2013). The presence of foreign-born and second-generation students has a positive effect on the academic achievement of other students, especially those from disadvantaged backgrounds (Figlio et al. 2024).

Immigration and housing affordability

One of the most pressing issues regarding immigration and housing in the current moment is providing adequate and humane shelter for the significant number of migrants who have entered the United States in recent years—many of whom are applicants for asylum who are awaiting a hearing. These migrants often have steep barriers to finding employment or other means of earning income, and they have had to rely on already inadequate systems to help the unhoused population in the United States.

In the shorter term, there are a range of stopgap and ameliorative measures that could be taken to provide humane housing options for recent arrivals. Solf, Guerrero, and Sherzad (2024) outline the scope of the problem and offer some short-term solutions, and a report by Eikenberry and Obser (2023) for the Women's Refugee Commission provides an in-depth discussion about the key challenges and offers best practices for managing and housing large numbers of new arrivals at the federal, state, and local levels.

In the longer run, the larger issue of homelessness in the United States would be greatly alleviated if measures that broadly reduced the cost of rent and homeownership were implemented. Given existing shelter capacity for the unhoused population, policies that increased housing affordability in the long run would also create more slack that could help absorb temporary surges in demand for short-term shelter.

Further, the issue of housing affordability is not just an issue of people becoming unhoused; it has become a prime concern for working families up and down the income scale in the United States. Since the mid-1990s, housing cost inflation has outpaced overall price inflation significantly, particularly in a subset of major cities that provide promising employment opportunities.

The root cause of the housing affordability crisis is simply that housing supply has not kept up with rising demand, especially in areas experiencing strong economic and population growth. Essentially, new housing supply is not responsive enough to increased demand, so demand surges mostly are resolved with higher prices rather than greater housing output.[9]

This unresponsiveness of housing supply to demand surges means that *any* demand change can cause distress in local housing markets. For example, during the pandemic, millions of people realized they would be able to work from home (at least partially) for an extended period of time. This led to a strong change in preferences regarding what they wanted from a home. More space to accommodate home offices was desired, while the benefits of a short commute eroded. These changing preferences led to a surge of population away from city centers and into surrounding suburbs, and, to a lesser extent to increased intercity movements. Given the unresponsiveness of housing supply generally, this sharp change in demand patterns led to a historically large increase in housing costs—even in years when immigration from abroad dropped sharply.[10]

The constraints on housing supply are varied, but a major factor is restrictive land-use policy, generally set by local governments. The policy agenda to alleviate these constraints is multifaceted and beyond the scope of this paper but suffice to say that such a policy agenda would provide huge relief to U.S.-born residents if it was enacted regardless of the level of immigration flows.[11] As we noted before, housing demand shocks can (and do) happen constantly, even during times of low immigration flows (like during 2020 and 2021), and they lead to sharp affordability problems.

It is certainly true that given our dysfunctional housing supply side in the United States, any source of housing demand will put upward pressure on housing costs. Both long-term immigrants and new migrants—like U.S.-born residents—need housing and hence, higher levels of immigration will boost housing demand. Under our current housing supply-constrained regime, this does put some upward pressure on housing costs. Saiz (2007) and Mussa, Nwaogu, and Pozo (2017) find that an increase in immigration equal to 1% of the existing population leads to an increase of roughly 1% in housing costs. However, as we showed earlier, increased immigration flows in recent decades in the United States have largely not even made up for *declining* growth in the U.S.-born population. If our housing supply regime in the United States cannot even provide affordable housing for a population whose overall growth is steadily decelerating, it seems there is clearly a more important issue to address.

Another key issue is the difference between the cost of housing services and the price of homes. Generally, economists looking to measure inflation or the burden of housing costs use measures of housing *rents*. These rents are seen as the *consumption* value of housing services. Home prices bundle the cost of housing services as a consumption good with the cost of purchasing an *investment* good (a home is a valuable asset). In a country like the United States in which most families live in a home that they own, this raises some measurement challenges. But aside from this, it also introduces some distributional conflict regarding housing costs. For a family that must rent a home, rising rents are a pure cost burden that lowers consumption possibilities on nonhousing items. For a family that owns a home, rising rents are an implicit *income* that drives up the value of their assets and hence their net worth. Additionally, because most homeowners either own their home outright or have fixed-rate mortgages that pin down their monthly payment, the only significant effect of rising rents they face is a rising value of their home. In short, anything—including higher levels of immigration—that raises rental costs for housing also raises the value of homeowners' wealth. Given that homeownership rates are substantially higher among U.S.-born residents than foreign-born households, rising rents stemming from higher immigration flows are a direct transfer from immigrant households to native households.

There is one final important intersection between immigration and housing: Immigrants are *exceedingly* overrepresented in the construction workforce, and particularly so in residential construction (see Bivens 2014). They are a key source of skilled labor for this sector. Policy changes that sharply slowed (or reversed) immigration flows could quickly reduce the labor supply in construction, restrict housing output, and raise the cost of building new homes. Howard, Wang, and Zhang (2024) examined the staggered rollout of a national immigration enforcement increase to see if it affected costs and output in residential construction. They found that counties that saw greater immigration enforcement effort saw reductions in the residential construction workforce, fewer homes built, and higher prices, all consistent with immigration enforcement suppressing labor supply in this sector.

Of course, one could argue the same thing about any policy change that raised wages in construction—and part of our policy recommendations includes measures (like providing a path to citizenship) that *would* raise wages for immigrants in construction. However, the rise in wages stemming from boosting immigrants' bargaining power vis-à-vis employers (by regularizing their legal status) would largely come from a pure redistribution from business income. Employers' power in labor markets—particularly relative to unauthorized immigrant workers—means they can impose a "markdown" on wages and earn supernormal profits.[12] Curtailing this power will overwhelmingly show up in lower supernormal profits and not in higher construction prices. Further, evidence has shown that the higher wages that accompany normalizing immigrants' legal status are often "financed" largely through higher productivity. With more secure, permanent, and lawful immigration status, immigrants are incentivized to invest in productivity-enhancing training and education and are freer to enter occupations with higher productivity that require more stringent scrutiny of their immigration status.

The direct effect of reduced labor supply, on the other hand, is to immediately *lower construction output,* and this would almost surely raise home prices.

All in all, it is mechanically true that *any* population growth puts stress on the nation's dysfunctional system of housing supply. Recent decades have seen very little change in overall population growth, so the inability of the nation's housing supply sector to accommodate this (slow and unchanged) growth without creating affordability problems is glaring. It is this dysfunctional supply side of the housing market, not anything—including immigration—on the demand side that should be the focus of policymakers. Further, the overall effect of immigration on U.S. housing should take into account the effects of immigration flows on the housing wealth of U.S.-born residents and on the construction industry's ability to produce new homes at reasonable costs. Tallying these up leads to very little reason to think that increased immigration flows are a first-order challenge in U.S. housing policy.

Immigration and long-run growth

The size and growth rate of aggregate GDP will obviously be directly affected by immigration in coming decades. But when economists talk about growth, they mostly are referring to growth in per capita GDP or even growth in productivity—the amount of output generated in an average hour of work in the economy. Productivity growth is the basis of rising living standards—the level of productivity (and not the level of aggregate GDP) is what determines if a country is rich or not. Bangladesh, for example, has an aggregate GDP roughly 4 times larger than Norway, yet it is Norway's tenfold advantage in GDP per capita that makes it rich relative to Bangladesh.

Accordingly, when economists assess the effect of any influence—including immigration—on economic growth, they are mostly talking about the effect on productivity growth. It is true that if immigrants are younger than U.S.-born residents, that an influx of immigrants can boost per capita GDP simply by virtue of having higher employment rates. But for most of the following section, we will abstract from that when discussing the literature on immigration and growth (the greater employment rates of immigrants, however, are of first-order importance in their effect on the nation's fiscal balances, as we discuss in a later section).

Theories of economic growth have enough variety and complexity that it is nearly impossible to make firm predictions about the effect of immigration on this long-run growth, but we will note just a few things in this section.

First, in all growth models that posit a negative relationship between growth in per capita income and population growth (including immigration), the influence of faster population growth that slows per capita income growth is its effect in suppressing growth in the capital-to-labor ratio. But the evidence over business cycles shows little relationship between slower growth of the capital-to-labor ratio and immigration flows in the U.S. data. The scatterplot in **Figure G** shows the change in the overall capital-to-labor ratio in the U.S. economy over various decades, along with the change in the immigrant share of the population. If the worries about immigration and growth are to be sustained, there should be a clear negative relationship: A higher immigrant share should be associated with a smaller increase in the capital-to-labor ratio. But there is no obvious relationship (if anything, it appears to be slightly positive). This is not dispositive evidence, obviously, but it does highlight once again that rising shares of immigrant workers in the U.S. economy are mostly matched by declining growth rates of the native-born population and labor force.

Further, richer models of economic growth consider other determinants of growth besides just the rate of physical capital accumulation. Many models highlight that human capital (the skills and training of the workforce) not only matters for growth but also generates externalities (positive economic returns that are not fully captured by the workers creating them). Given this, immigration that increases human capital in the destination country might actually boost per capita income growth.

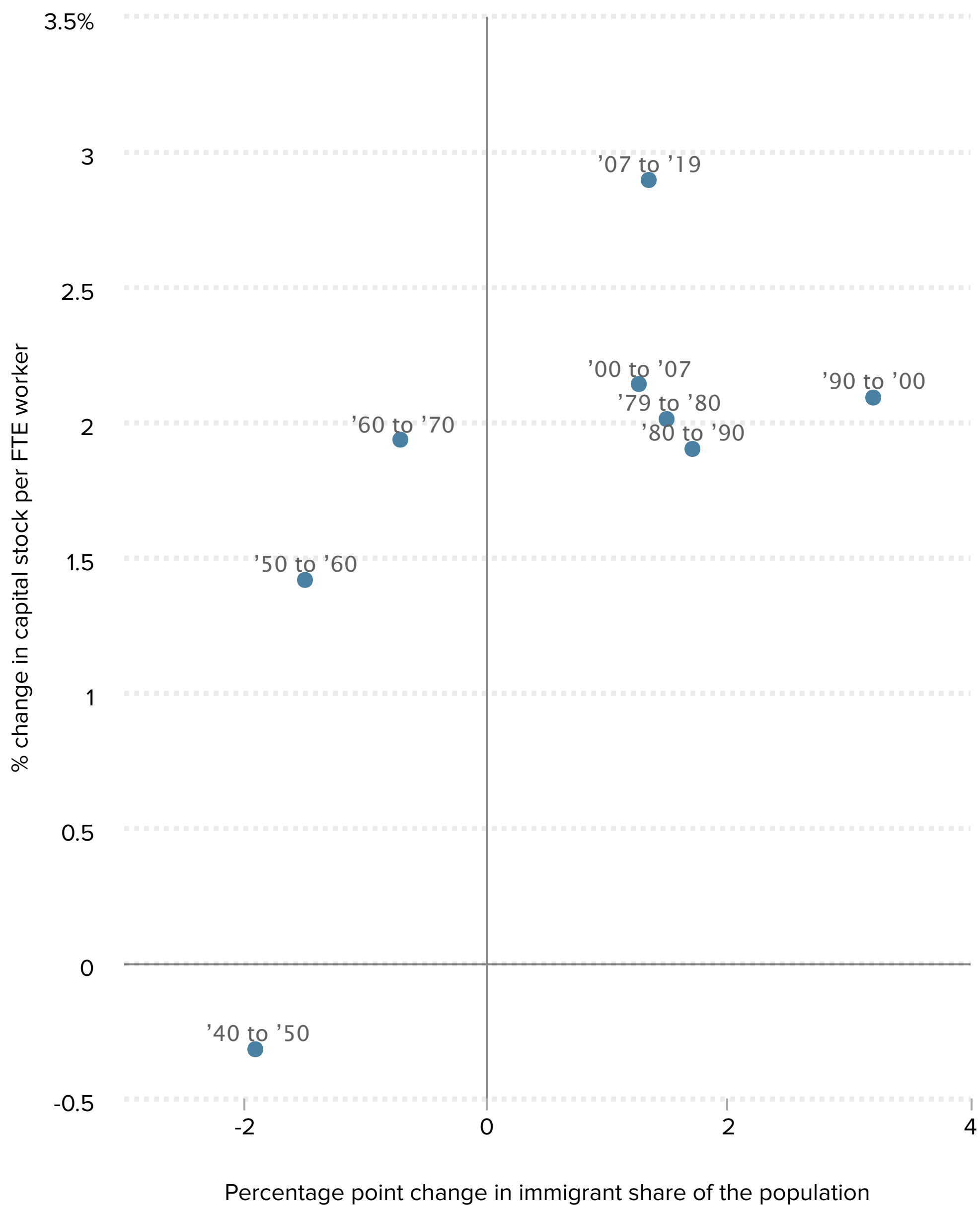
A related (but not identical) idea is that today's economic growth depends on the existing *stock of ideas* (including ideas from decades or even centuries ago). If the total stock of ideas is related strongly to the simple size of the population, then rising population can be an aid to growth rather than a drag. Because ideas are often fluid across national borders, the link between a larger population and faster growth might hold more tightly at the global rather than the national level, but if any parts of idea formation are nationally "sticky," then it might hold at the national level as well (and patents and copyrights and other forms of intellectual property protection probably do make ideas' economic benefits "sticky" in the country in which they are formed, for good or for ill).

A recent paper from Bernstein et al. (2022) highlights the disproportionate success of immigrants in patenting new inventions from the period 1990–2016. Immigrants constituted 16% of inventors applying for patents in the United States, but accounted for 23% of the total patents, and 25% of the most cited patents (a proxy for the importance of

Figure G

Faster immigration does not slow increase in capital intensity

Change in immigrant share of the population and in capital/labor ratio, various decades



Note: FTE stands for full-time equivalent.

Sources: Data on nonresidential assets are from the Bureau of Economic Analysis, Fixed Assets Accounts Tables, U.S. Department of Commerce. Data on full-time equivalent employees (FTEs) is from Bureau of Economic Analysis, National Income and Product Accounts, U.S. Department of Commerce. Data on immigration shares of the population are from Migration Policy Institute, "U.S. Immigrant Population and Share over Time, 1850–Present," [data tool], n.d.

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the innovation).

Sequeira, Nunn, and Qian (2017) provide examples of how past immigration flows into the United States brought ideas that surely contributed strongly to growth:

> One example of such an innovation is the suspension bridge, which was pioneered by John A. Roebling, a German-born and trained civil engineer, who built numerous suspension bridges, including the Niagara Fall Suspension Bridge and the Brooklyn Bridge (Faust, 1916, p. 10). Other notable engineers include… John F. O'Rourke, an Irish engineer, who built seven of the tunnels under the East and Hudson Rivers, and six of the tunnels of the New York subway systems (Wittke, 1939, pp. 389–390). Another example is Alexander Graham Bell …[who] developed an acoustic telegraph…. Other notable inventors include David Thomas (Welsh), who invented the hot blast furnace; John Ericsson (Swedish), who invented the ironclad ship and the screw propeller; Conrad Hubert (Russian), who invented the flashlight; and Ottmar Mergenthaler (German), who invented the linotype machine (Kennedy, 1964, pp. 33–34). Immigrants also made important contributions to the educational system of the United States. For example, the concept of kindergarten, which has been shown to have had important economic effects, was brought to the United States by German immigrant Friederich Fröbel (Paz, 2015, Ager, Cinnirella and Jensen, 2016). Recent research by Paz (2015) finds that the presence of kindergartens during the kindergarten movement (1890–1910) resulted in an average of 0.6 additional years of total schooling by adulthood and six percent higher income…The State University system… was modeled after the Prussian… system… (Faust, 1916, pp. 10–11).

These crosscutting theoretical effects of immigration on growth are likely why the empirical estimates of immigration on growth yield mostly neutral results. For example, Borjas (2019) uses cross-state estimates of income growth and immigration flows and finds largely neutral results for the causal effect of immigration flows on per capita income growth. Kane and Rutledge (2018) also use cross-state data to assess the link between immigration flows and growth. In the raw data, there is an unambiguous positive correlation between immigration flows and state growth, but some of this is due to immigrants settling in states with strong economies. Using techniques to isolate the causal effect of immigration flows on per capita GDP growth, they find modestly negative *growth* effects, but no effect on *levels*, which they interpret as indicating that the negative growth effects are transitory. Using historical data, Sequeira, Nunn, and Qian (2017) find that past waves of immigration in the United States had significantly positive short- and long-run *causal* effects on economic growth.

Finally, it is worth noting again that the possible win-win economic effects of immigration are often squandered by bad immigration policies and a system that doesn't work well enough for workers. It is very likely that the returns to innovation and human capital that would accrue to many immigrants within the United States are artificially suppressed because the immigrant workers would not be able to claim the same benefits from innovation that U.S.-born workers might. If a U.S.-born worker has an idea for a great invention, they can start their own company and retain full control over the resulting patent. Many highly skilled and educated temporary migrants must remain attached to a specific employer as a condition of residence and employment in the United States, and this means that they may see their employer able to claim many of the benefits of their innovation instead of getting it themselves.

The artificially created labor market monopsony facing many temporary migrant workers in the United States almost surely stifles many potential innovations. Take a couple of recent examples: One of the key inventors of the mRNA vaccines was Katalin Karikó, a Hungarian citizen working in the United States on an academic visa. When Karikó tried to change jobs and move to another lab with better working conditions, her academic adviser threatened to have her deported. The resulting legal entanglements led to the offer from the other lab being withdrawn (Shrikant 2023). Another example is Sandeep Maganti whose situation is detailed in a recent Bloomberg investigative news report on the H-1B visa program. Maganti is a software engineer who, while on a student visa, created a business that grew “into a million-dollar company that employed six people” (Fan et al. 2024). U.S. “visa rules wouldn’t allow Maganti to sponsor himself” for an H-1B visa so that he could remain and run his company. Without a viable path to a temporary H-1B visa—a visa that would require Maganti to be sponsored by an employer and become an employee—he thus “had to sell his stake and stop working at his own company” (Fan et al. 2024).

Immigration pathways and statuses in the United States

While the previous sections of this paper have focused on the migrant and immigrant population and what existing research says about their impact on the economy, wages, and housing, it has so far only briefly mentioned how people arrive to the United States from abroad, and how those pathways and the resulting immigration statuses—or lack thereof—impact the economic outcomes of immigrants themselves and labor standards for all workers writ large. In order to provide some background, this section summarizes the broad immigration statuses for migrants and immigrants in the United States, and the different rights they have depending on their particular pathway and status. The following section will focus on why the differences in immigration status matter to the economy and workplaces across the country.

A note about terminology

While in the previous sections we have used the term "immigrant" in the broad sense in which it is used in the United States, to mean anyone who is foreign-born—the term "immigrant" in U.S. law has a specific meaning: It means a lawful permanent resident with a green card. Someone who previously held a green card but has become a naturalized citizen may also be considered an immigrant. Persons who do not have a green card are not technically "immigrants" under U.S. law. The word "migrant" is a broader term that can encompass anyone who is foreign born and may have arrived in the United States in any of the other pathways, such as with a temporary visa, or without authorization, or who is in a quasi-status that provides temporary protection from deportation. But the term "migrant" can also include immigrants in some cases or is sometimes used interchangeably with the term "immigrant." Ideally, persons who arrive through humanitarian pathways like asylum seekers, asylees, and refugees should be specified as such, but common usage of the term "migrant" often labels them simply as migrants, especially when their status or method of arrival is unknown.

In the following sections of this report, we do our best to refer to green card holders as immigrants and people in other statuses as migrants, and to specify the humanitarian pathway or status when applicable. And with respect to foreign-born persons who do not have an immigration status, some people and organizations refer to them as "irregular migrants" or "irregular immigrants," as well as "unauthorized migrants" or "unauthorized immigrants," or "undocumented migrants" or "undocumented immigrants" interchangeably. We use these terms interchangeably and try to reflect the usage of the author when citing and discussing specific pieces of academic literature.

Pathways into the United States and immigration statuses

There are multiple pathways that persons abroad take to arrive in the United States. The following is a brief summary:

Green cards: One of the available lawful pathways includes adjusting to lawful permanent resident (LPR) status—also commonly referred to as obtaining a permanent immigrant visa or "green card"—which can be through the family-based (FB) or employment-based (EB) preference categories, through a humanitarian pathway such as a refugee resettlement program or by qualifying as an asylee, through the Diversity Visa (DV) lottery, or through one of the lesser known narrower categories, which account for a small share of total green cards.

The total number of green cards granted averaged just over one million per year between 2003 and 2022 (1,021,966). One thing to keep in mind with respect to this total number is that not all green cards granted go to newly arriving immigrants from abroad; in most years, half to two-thirds of green card recipients were already present in the United States in some other status and adjusted to lawful permanent resident status.[13] Persons with green cards are eligible to apply for citizenship after five years, or three years if they have been married to a U.S. citizen. In terms of employment, green card holders may work for nearly any employer, except for positions that require citizenship, and may change jobs or employers without requiring authorization from the U.S. government.

Temporary, nonimmigrant visas: The other major pathway into the United States is as a temporary visitor, student, trainee, diplomat, exchange visitor, or employee acquiring a “nonimmigrant” visa or status.[14] Nonimmigrant visas and statuses are temporary, meaning that the foreign-born person to whom the visa is issued must depart the United States after the visa expires unless they adjust to LPR status by acquiring either one of the green cards described or another valid nonimmigrant status. Many nonimmigrant visa classifications authorize the visa or status holder—sometimes referred to as the visa beneficiary—to be employed in the United States. Employed nonimmigrants are also often referred to as temporary foreign workers, temporary migrant workers, or guestworkers, but no one definitive term has been agreed upon (for the purposes of this report, we refer to them as temporary migrant workers). Most temporary migrant workers are only permitted to work for one employer, the employer that sponsored their visa. In 2023, nearly 1.8 million new temporary work visas were issued to temporary migrant workers and their accompanying family members.[15] The total number of temporary migrant workers in the United States who are employed in a given year is estimated to be just over 2 million (because some temporary visa statuses can last for more than one year) (Costa 2021).

Humanitarian pathways (refugees, asylees, and asylum seekers): As noted above regarding green cards, some persons obtain green cards through the U.S. refugee resettlement program or after being granted asylum (a person granted asylum is referred to as an asylee). The refugee pathway comes from the United Nations Refugee Convention of 1951, which defines a refugee as someone fleeing his or her country because of persecution or “owing to a well-founded fear of being persecuted for reasons of race, religion, nationality, membership of a particular social group or political opinion, is outside of the country of his nationality and is unable or, owing to such fear, is unwilling to avail himself of the protection of that country.” In the United States, the Immigration and Nationality Act (INA), as amended by the Refugee Act of 1980, implements the Refugee Convention and its 1967 Protocol into U.S. law, and authorizes and governs the admission and resettlement of refugees into the United States.[16] The number of refugees admitted to the United States in 2023 was just over 60,000 (Migration Policy Institute 2024). Refugees are permitted to work for any employer, just like green cards holders (except for positions that require U.S. citizenship).

Asylum is another form of humanitarian legal protection for persons who have been forcibly displaced and fear harm and persecution, similar to the protections available to those who qualify as refugees, although under U.S. law, there is a separate process for persons who apply for asylum (i.e., asylum seekers or asylum applicants) and those applying for refugee status. Like refugees, asylum seekers must meet the definition of a refugee; however, a major difference between applying for refugee status or asylum is that to apply for asylum, the applicant must already be in the United States or apply for asylum at an official U.S. port of entry, rather than applying from abroad as refugees do.[17]

Successful asylum applicants who become asylees are eligible and on the path to a green card. However, processing of asylum claims through the relevant government agency or in immigration court often takes years before they are adjudicated.

Asylum may also be claimed as a defense to deportation for persons who are detained by immigration authorities. During that time, asylum applicants (aka asylum seekers) do not have a formal immigration status but are authorized to remain in the United States while their claim is adjudicated.

Asylum seekers are authorized to work in the United States, but they are subject to applicable rules and wait times. They must first be issued an Employment Authorization Document (EAD) from U.S. Citizenship and Immigration Services (USCIS), but may only file for an EAD 150 days after they have applied for asylum, and then become eligible to receive an EAD once their asylum application has been pending for a total of 180 days. There were an estimated 1.5 million asylum seekers employed in the United States in 2023.[18]

Irregular migration: The other pathway involves migrants who are present in the United States but who do not have an authorized immigration status; such individuals are sometimes referred to as unauthorized, undocumented, or irregular migrants (being in an irregular status), and sometimes (derogatorily) called illegal migrants or illegal immigrants. Unauthorized migrants either entered into the United States without inspection by the appropriate authorities—often referred to as entering without inspection (EWI) in government documents and data—and may have done so in a clandestine manner. Other unauthorized migrants may have originally entered the United States lawfully with a nonimmigrant visa or through the Visa Waiver Program and after an inspection by government authorities, but then lost their temporary immigration status. The loss of status may have occurred because of a violation that led to the revocation of their visa or status or the simple expiration of a nonimmigrant visa that was temporarily valid for a set time, usually a period of authorized travel, employment, or study.

There are a few existing estimates on the number of persons in the United States who lack an immigration status, the most recent of which estimate the population at between 11 and 11.3 million as of 2022.[19] The vast majority of the unauthorized migrant population is settled, with 79% being long-standing residents who arrived in the United States in 2010 or earlier (Baker and Warren 2024). Unauthorized migrants are not authorized to be employed in the United States, but an estimated 8.3 million were employed in the U.S. labor force in 2022, accounting for just under 5% of the total U.S. labor force (Passel and Krogstad 2024).

Precarious immigration statuses: There are a few types of temporary protections or quasi-statuses, which are not technically immigration statuses and which do not directly lead to any form of permanent immigration status. For example, while unauthorized immigrants lack a formal immigration status, some may nevertheless be in an authorized period of stay in the United States in which they are temporarily "lawfully present," which can occur if they have qualified for some sort of temporary immigration relief like deferred action, humanitarian parole, parole-in-place, or Temporary Protected Status (TPS).

Because of their temporary nature, we refer to them as precarious statuses and other analysts like the Migration Policy Institute have referred to them as "twilight," "liminal," or "limbo" statuses.[20] Persons may either enter the United States with one of these precarious protections already in place—for example if they qualified for the parole program for Cuba, Haiti, Venezuela, and Nicaragua—or they may have entered without inspection and later qualified for TPS, deferred action, or parole-in-place (a form of parole granted to persons who are already in the United States). Persons with these precarious statuses are usually eligible to obtain an Employment Authorization Document (EAD), also known as a work permit, which allows them to work lawfully. There were an estimated 2.8 million persons in precarious statuses as of early 2024.[21]

The U.S. foreign-born population by immigration status

The pathways described above, and the resulting statuses, are generally categorized into four major categories of immigration status for immigrants (or lack thereof): Either immigrants have obtained lawful permanent residence (having a green card), or they have naturalized, meaning they have become U.S. citizens, or they have a temporary lawful nonimmigrant status, or they lack a lawful immigration status. For the purpose of population estimates—in part because of data limitations—the migrants who have qualified for some sort of precarious temporary immigration relief like deferred action, parole, or TPS, or who are pursuing an asylum claim, are counted as unauthorized migrants or immigrants, even though they technically have a form of authorized stay.[22]

In terms of the shares of persons in these statuses, according to an analysis done by the Pew Research Center (represented in **Figure H)**, as of 2022, roughly half of all immigrants (49%) were naturalized U.S. citizens, one-quarter (24%) were lawful permanent residents, 4% were temporary lawful residents, and 23% were unauthorized immigrants (lacking an immigration status or having a precarious form of temporary protection) (Passel and Krogstad 2024).

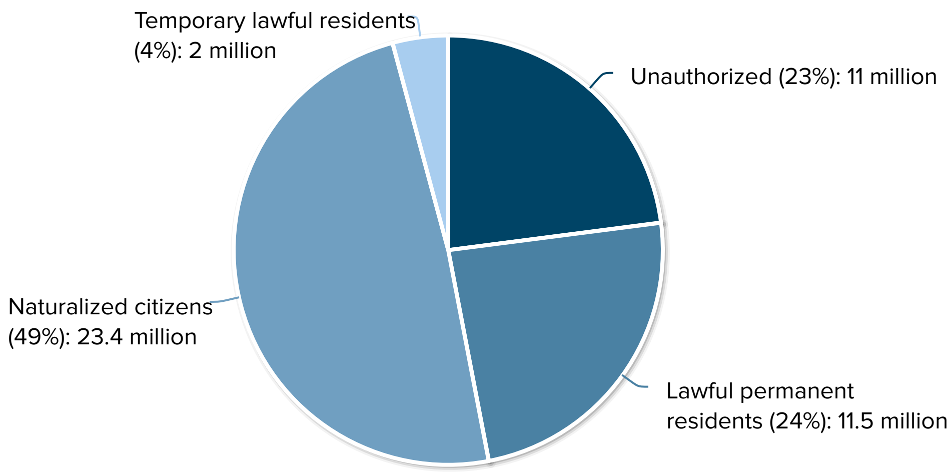
The impact of immigration status on wages and workplace rights

All persons in the United States have—at least on paper—basic labor and employment rights under U.S. law, which in theory, should protect them from lawbreaking employers. However, the extent to which those rights are able to be exercised, and the extent to which they are enforceable in practice, depends very much on immigration status because of the power that employers have over workers vis-à-vis that immigration status and because of how employers can exploit that power. This section briefly discusses the connection between immigration status and workplace rights and the existing research on the impact that immigration status can have on wages and labor standards.

Figure H

Nearly half of all immigrants in the United States are citizens, and one-quarter have green cards

Immigration statuses of the foreign-born population residing in the United States, 2022 (shares and totals, in millions)



Source: Adapted from second figure in Jeffrey S. Passel and Jens Manuel Krogstad, "What We Know About Unauthorized Immigrants Living in the U.S.," Pew Research Center, July 22, 2024.

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Economic Policy Institute

Naturalized citizens

All persons who become naturalized citizens enjoy all of the same labor and employment rights as native-born U.S. citizens, including being able to work for any employer and in any position—(except they lack the ability to become elected to the office of president of the United States). Naturalized citizens are not subject to removal from the United States, which is a fear that many migrants and immigrants in other statuses have (unless they are found to have committed fraud during the naturalization process). Naturalized citizens also have access to the same social safety net benefits as native-born citizens and are the only group of immigrants that can vote in federal elections—meaning they are allowed to fully participate in political life.

These rights, benefits, and protections—in particular, not fearing deportation—result in better economic outcomes, including higher wages, than persons in other immigration statuses or compared with persons who lack an immigration status. Below are just a few examples of research showing the impact of naturalization on economic outcomes.

Peri and Zaiour (2021) modeled a number of scenarios for a legalization program that would provide status to unauthorized immigrants, to all or a subset of them, depending on certain characteristics. In their first scenario, which would consist of a legalization and path to a green card and citizenship for all unauthorized immigrants, they found that in the short run—meaning five years, in which unauthorized immigrants would have a lawful immigration status but would not yet become naturalized U.S. citizens—workers who were previously unauthorized would see a wage gain of 10%, amounting to $4,300 per year. Peri and Zaiour then assume that all those who gained an immigration status would become naturalized citizens after five years—and in the long run, meaning five to ten years—the newly naturalized immigrants would see an increase in their annual wages of 32.4%, amounting to an increase of $14,000 per year. They also found a positive wage impact beyond just the workers who naturalized, estimating that all other workers would see an annual increase in wages of 1.1%, or $700. Their estimate on the broader impact of a pathway to citizenship was that it would increase gross domestic product by up to $1.7 trillion over the next decade and create hundreds of thousands of new jobs.

Lynch and Oakford (2013) estimated the wage gains for both legalization as a first step and the additional wage gains that would follow after naturalization. They estimated first, the same increase in income that unauthorized immigrants saw from legalization after the Immigration Reform and Control Act (IRCA), as measured by the U.S. Department of Labor, of 15.1% after five years (see more discussion in the next section on green cards). They then calculate the effect of moving from legalization to citizenship, estimating an additional 10% increase in income after acquiring citizenship. In total, they estimate that "the full effect of granting legal status and citizenship to unauthorized immigrants is an income gain of 25.1%. Of this boost in income, about three-fifths comes from legalization and about two-fifths is attributable to transitioning from legal status to citizenship."

Pastor and Scroggins (2012) also found that citizenship would boost individual earnings of workers by 8% to 11%, "leading to a potential $21–45 billion increase in cumulative earnings over ten years that will have ripple effects on the national economy."

Shierholz (2010) observed a difference between foreign-born adults who had become naturalized citizens and those who had not become naturalized, in terms of both economic outcomes and poverty rates. Naturalized citizens in 2007 had a median annual family income that was very similar to that of native-born U.S. citizens, even earning slightly more than the native-born. But noncitizen immigrants had an annual median income that was 33.2% below that of naturalized citizen immigrants. In terms of poverty rates, they were much higher for noncitizen immigrant adults: In 2007, the poverty rate for noncitizen immigrants was 20.0%, more than twice the 9.2% rate for naturalized citizen immigrants and the 9.8% rate for native-born U.S. citizens. The poverty rate difference was starkest for Latinos, with the poverty rate for naturalized citizen Latinos being 4.3 percentage points lower than the poverty rate of Latino noncitizens.

Sumption and Flamm (2012) made very similar findings, showing that “naturalized citizens earn more than their noncitizen counterparts, are less likely to be unemployed, and are better represented in highly skilled jobs.” They further found that:

> Most of the gap between citizens’ and noncitizens’ outcomes is explained by the fact that naturalized immigrants have higher levels of education, better language skills, and more work experience in the United States than noncitizens. Even after accounting for these differences, however, there is some evidence that the naturalized may earn a wage premium of at least 5 percent.

Green cards

All persons who obtain green cards—whether through the family-based, employment-based, humanitarian, or Diversity Visa pathways—enjoy nearly all of the same labor and employment rights as U.S. citizens, including being able to work for any employer and in any position except for those that explicitly require citizenship. For the most part, green card holders are not subject to removal from the United States, although unlike naturalized citizens, they can be removed if they commit certain crimes that make them deportable or if they are deemed to have abandoned their permanent resident status.

Under current federal law, green card holders must wait five years before using most public support and social insurance programs. Green card holders are not eligible to vote in federal elections, although some jurisdictions allow them to vote in local elections for positions like school boards and city council seats and to run for some local elected offices.

Being able to work lawfully without fearing deportation results in better economic outcomes for green card holders, including higher wages, relative to persons in other lawful immigration statuses or compared with persons who lack an immigration status. Below are just a few examples of research showing the impact of naturalization on economic outcomes. (Estimates of the economic benefits obtained by green card holders depend on their status before they obtained their green cards. The two types discussed here are persons who were previously on a temporary work visa and persons who previously lacked an immigration status.)

One example of research assessing the economic and workplace impact of having a green card compared with a temporary work visa comes from Mukhopadhyay and Oxborrow (2012), who looked at college-educated migrant workers on temporary visas. They found that “H-1B workers are paid less than native workers” and that the wage gain associated with obtaining an employment-based green card was $11,860 per year. The authors noted that their “result shows that the current process of acquiring a green card gives too much power to employers and hinders job mobility among highly skilled immigrants.”

Apgar (2015) reviewed Mexican Migration Project survey data and compared employment outcomes for Mexican males who were on temporary visas, unauthorized immigrants, and green card holders. Controlling for other factors, Apgar found that the hourly wages of temporary migrant workers were about 11% less than those of immigrants with green cards and that unauthorized immigrant workers earned about 13% less than immigrants with green cards.

There is extensive research on the impact of unauthorized immigrants who regularized their status by becoming eligible for green cards going as far back as the 1990s, including research on the effects of the 1986 legalization program implemented after enactment of IRCA, which was signed into law by President Ronald Reagan. This research is particularly relevant for measuring the impact of obtaining a green card because nearly all migrants legalized under IRCA were eligible to receive a green card after 18 months. The discussion here only offers a small sampling of the existing literature.

Smith, Kramer, and Singer (1996), in a report conducted for the U.S. Department of Labor (DOL), found that after four or five years, the real hourly wages of persons who had their immigration status regularized increased on average by 15.1% by 1992 (13.2% for men and 20.5% for women). Kossoudji and Cobb-Clark (2000) found that, according to the same data set, 38.8% of Mexican men had moved on to higher-paying occupations by 1992.[23]

Hinojosa-Ojeda (2010) summarizes other related research and notes that “[t]he findings of these researchers vary according to their economic models, but the results show uniformly positive results for IRCA beneficiaries,” including measured wage increases that occurred even after controlling for factors such as education and English proficiency, and broader changes in the economy that might have impacted wages more generally.[24]

Temporary work visas and temporary migrant workers

Although they are legally authorized to work, temporary migrant workers are among the most exploited laborers in the U.S. workforce because employer control of their visa status leaves many virtually powerless to defend and uphold their rights. The vast majority of temporary migrant workers do not have a path to permanent residence through their nonimmigrant visa, and under current federal law, are ineligible for most federally funded public benefits.

The first major temporary migrant worker programs in the United States were the Bracero programs, which were negotiated as bilateral agreements between the United States and Mexico in 1917 and 1942 (Martin 2020). Since then, numerous cases of abuse and exploitation of migrant workers employed with temporary visas have come to light through the media, reports from advocates and labor unions, and government audits.[25] Many of the abuses occur because of the structure of the visa programs, which have few rules and inadequate protections and oversight by federal or state labor standards authorities.

Temporary migrant workers have good reason to fear retaliation and deportation if they speak up about wage theft, workplace abuses, or other working conditions like substandard health and safety procedures on the job—not because they don’t have a valid immigration status, but because their visas are almost always tied to one employer that owns and controls their visa status. That visa status is what determines the worker's right to remain in the country; if they lose their job, they lose their visa and become deportable (Bauer and Stewart 2013). That leaves them afraid to speak up and complain to their employer or government authorities if their wages are stolen or other workplace violations take place. This arrangement results in a form of indentured servitude.[26] Further, employers can punish temporary migrant workers for speaking out by not rehiring them the following year or by telling recruiters in countries of origin that they shouldn't be hired for other job opportunities in the United States (effectively blacklisting them).[27]

Although on paper, temporary migrant workers have labor and employment rights and access to remedies that are on par with those of U.S. workers—including immigrants who are green card holders and naturalized citizens—the specter of retaliation makes it understandably difficult for temporary migrant workers to hold lawbreaking employers accountable through complaints to their employers or to government agencies about illegal conditions like unpaid wages and substandard working conditions. Private lawsuits against employers who break the law are also an unrealistic avenue for enforcing rights for two reasons: First, most temporary migrant workers are not eligible for federally funded legal services under U.S. law, and second, those who have been fired are unlikely to have a valid immigration status permitting them to stay in the United States long enough to pursue their claims in court. Because of the conditions created by tying workers to a single employer through their visa status, temporary work visa programs have been dubbed by some as "close to slavery" or "the new American slavery," and government auditors have noted that increased protections are needed for temporary migrant workers.[28]

It is also well established that many, if not most, temporary migrant workers pay hefty fees to obtain their temporary jobs in the United States (CDM 2013 and 2020). Those who are in debt after paying recruitment fees are anxious to earn enough to pay back what they owe and hopefully make a profit, exacerbating their situation and making them even more unlikely to speak up at work when things go wrong on the job.

When it comes to wages, there is abundant evidence that the laws and regulations governing major temporary work visa programs—such as H-2B and H-1B—permit employers to legally pay their temporary migrant workers much less than the local average wage for the jobs they fill.[29] For example, in the H-1B program—which has a prevailing wage rule that is intended to protect local wage standards—60% of all H-1B jobs certified by the DOL in 2019 were certified at a wage that was below the local average wage for the specific occupation (Costa and Hira 2020). However, most work visa programs have no minimum or prevailing wage rules at all—and while employers are still required by law to pay temporary migrant workers at least the state or federal minimum wage, that's often far less than the true market rate, or the local average wage, for the occupation in which they are employed.[30] Evidence also exists of rampant and systematic wage theft committed against temporary migrant workers.[31]

Considering how the wage rules or lack thereof in these programs operate, and the situation workers are left in, perhaps it is no surprise that according to one study, there is evidence that temporary migrant workers in low-wage jobs earn approximately the same wages, on average, that unauthorized immigrant workers do for similar jobs, despite being in a technically lawful status (Apgar 2015). In other words, temporary migrant workers may have little financial incentive to work legally through visa programs since there is a small or zero wage premium to be gained for it—and, in fact, authorized temporary migrant workers can end up worse off economically than unauthorized workers because of the debts they incur through fees paid to recruiters, and the fact that many have no family or social networks to rely on. This can incentivize workers to migrate without authorization, rather than using available legal channels.

In essence, these visa programs give employers dangerous levels of monopsony power over workers—similar to company towns in which an employer has enormous leverage over workers because it is the only employer in town.[32] A growing body of research, some of it focused on temporary work visa programs, has shown that even modest amounts of employer monopsony power are corrosive to workers' ability to bargain for better wages.[33]

Unauthorized immigrants

Unauthorized immigrants, who make up nearly 5% of the U.S. labor force, contribute to the economy in vital industries and pay billions in taxes and contributions to the social safety net (Davis, Guzman, and Sifre 2024; Fernández Campbell 2018). But these nearly eight million workers are not fully protected by U.S. labor and employment laws because they lack an immigration status. Unauthorized immigrants are also vulnerable to exploitation by employers because they are largely ineligible for federally funded public support and social insurance programs because of their immigration status (as discussed earlier in this report) (Lacarte, Gelatt, and Podplesky 2024). There are a few narrow exceptions to this rule, which allow immigrants to be eligible for certain benefits regardless of immigration status; those programs include emergency Medicaid (if otherwise ineligible for their state's Medicaid program), programs that provide immunizations and/or treatment of communicable disease symptoms, and school breakfast and lunch programs.[34] Under federal law, all children have equal access to public education at the elementary and secondary level regardless of their immigration status or the status of their parents.

On paper, unauthorized immigrants have labor and employment rights and access to remedies that are on par with those of U.S. workers[35]—including immigrants who are green card holders and naturalized citizens—but the specter of retaliation makes it understandably difficult for unauthorized immigrants to hold lawbreaking employers accountable. These workers are often afraid to complain about unpaid wages and substandard working conditions because employers can retaliate against them by taking actions that can lead to their deportation. Thus, complaints to their employers or to government agencies about illegal conditions like unpaid wages and substandard working conditions seem like risky options—and perhaps with a low chance of success given how underresourced and understaffed labor standards enforcement agencies are (Costa 2022).

This imbalanced relationship gives employers extraordinary power to exploit and underpay these workers, also making it more difficult for other workers to improve their wages and working conditions. The exploitation described here is not theoretical. A landmark study and survey of 4,300 workers in three major cities by Bernhardt et al. (2009) found that 37.1% of unauthorized immigrant workers were victims of minimum wage violations, compared with 15.6% of U.S.-born citizens. In other words, unauthorized immigrants are more than twice as likely to be the victims of wage theft compared with U.S.-born citizens. Immigrants who had a lawful immigration status (labeled as "authorized immigrants" in the study) were also more likely to be the victims of wage theft, but the gap with U.S.-born citizens was significantly narrowed, compared with unauthorized immigrants: 21.3% of authorized immigrants were the victims of wage theft versus 15.6% of U.S.-born citizens. Bernhardt et al. (2009) also looked at overtime pay violations and found that an astounding 84.9% of unauthorized immigrants were not paid the overtime wages they worked for and were legally entitled to, compared with 67.2% of authorized immigrants and 68.2% of U.S.-born citizens. And finally, beyond just the higher rates of wage theft, research related to IRCA by Kossoudji and Cobb-Clark (2002) also examined the value of the wage *penalty* for being an unauthorized immigrant worker, estimating that it ranged from 14% to 24%.

Migrants with precarious temporary immigration protections and work permits

When it comes to migrants with precarious temporary immigration protections like TPS, parole, and deferred action, or who are going through the asylum application process, most of the migrants who qualify for those temporary protections are also eligible to receive an Employment Authorization Document, which is often referred to simply as a work permit or EAD. All foreign-born persons who are not authorized to work by virtue of being a naturalized citizen, green card holder, or temporary migrant worker must first obtain an EAD from U.S. Citizenship and Immigration Services (USCIS) within the U.S. Department of Homeland Security (DHS) before they can be authorized to work.[36] To do so, they must belong to an eligible group, including, for example, certain foreign students, or the spouses of temporary migrant workers in certain visa programs, such as H-1B or J-1, or they may obtain an EAD by qualifying for one of the forms of administrative immigration relief, such as TPS, deferred action, Deferred Enforced Departure, humanitarian parole, or parole-in-place. EADs are also available for other categories of individuals such as asylum applicants (after a waiting period of six months), certain applicants for adjustment of status, asylees, and refugees who have not yet obtained green cards, as well as persons granted withholding of removal.[37]

For workers who lack a permanent or more durable immigration status, obtaining a temporary EAD can mean having enforceable workplace rights that the individual would otherwise not have. While all workers have some labor and workplace rights under U.S. law—regardless of immigration status, as discussed in other parts of this section in this report—enforcing them in practice becomes virtually impossible because of the threat of deportation, which prevents workers who lack an immigration status or an EAD from calling out lawbreaking employers and demanding that they comply with the law, or from reporting workplace violations to labor enforcement agencies. But having protection from deportation through temporary administrative immigration protections accompanied by an EAD means that, in practice, workers can report workplace violations to government officials without fear of retaliation that can lead to deportation. It also means that a migrant worker with an EAD can be employed by just about any employer and change jobs or employers, unlike temporary migrant workers who must be employed by the sponsor of their visa.

There are some examples of research showing the important economic contributions that hundreds of thousands of migrants with precarious statuses and EADs are able to make thanks to their temporary protections. For example, when the TPS population was approximately 354,000 in 2021, AIC (2023) estimated that "TPS holders contributed more than $2.2 billion in taxes, including almost $1 billion to state and local governments," as well as "held $8 billion in spending power." Another estimate by Moriarty (2024) found that TPS-eligible individuals "annually contribute some $31 billion in wages to the national GDP." The total number of TPS holders in 2024 is now roughly 864,000; thus these totals are likely to be much higher now.

Research has also quantified some of the contributions made by persons who have qualified for Deferred Action for Childhood Arrivals (DACA). DACA was created by the Department of Homeland Security during the Obama administration in 2012, and recipients are eligible for protections from deportation and EADs that are valid for two years and renewable. More than 835,000 persons have benefitted from DACA, and more than 500,000 are currently still protected by DACA (President's Alliance 2024). Svajlenka and Truong (2021) found that DACA recipient households "pay $6.2 billion in federal taxes and $3.3 billion in state and local taxes each year," and "after taxes, these households hold $25.3 billion in spending power," and that DACA recipient families "own 68,000 homes, making $760 million in mortgage payments and $2.5 billion in rental payments annually."

When it comes to measuring the workplace impact and economic benefits of being issued an EAD for the workers themselves, there are limited examples, but three are worth citing here. One is an annual survey of DACA recipients that was conducted in 2024 for the ninth time. The most recent survey, conducted by Wong et al. (2024) and published by the Center for American Progress, showed that DACA has been an essential tool to improve the economic and educational outcomes of recipients. In terms of the impact that deferred action and an EAD have had on the employment of DACA recipients: 59.1% of respondents moved to a job with better pay; 47.3% moved to a job with better working conditions; 47.5% moved to a job that "better fits [their] education and training"; 49.6% moved to a job that "better fits [their] long-term career goals"; 57.3% moved to a job with health insurance or other benefits; and 19.6% of respondents obtained professional licenses.

Wong et al. also measured the impact of DACA and EADs on wages, finding that "[d]ata from the past nine years show that DACA has had a significant and positive effect on wages: Recipients' average hourly wage more than doubled from $11.92 to $31.52 per hour—an increase of 164.4 percent—after receiving DACA." These significant wage increases are no doubt a result of the labor and workplace rights and stability that DACA recipients gain from having an EAD.

Orrenius and Zavodny (2014) examined the wage and employment impact of another form of temporary immigration protection, that of TPS—which allows those who are eligible to also be granted an EAD. They looked specifically at migrants from El Salvador, finding that having TPS increased employment rates, and that less-educated Salvadoran men who were employed earned 13% more if they had TPS. They note that “As a whole, the results suggest that less-educated Salvadoran men who receive TPS are able to move into better jobs and become more selective about the jobs they hold, increasing their earnings but also their job search and unemployment incidence.”

One other analysis that assesses the wage impact of being issued an EAD comes from Kallick (2023), which looks specifically at asylum seekers in New York and nationwide. Relying on previous methodologies for measuring the impact of a lawful immigration status being granted to unauthorized immigrants, Kallick estimates that asylum seekers who are granted EADs increase their wages by 10%.

While the relative benefits of precarious and temporary immigration protections and EADs to migrant workers and the broader economy are clear, it is important to note here that the protections and EADs are only temporary and will end if renewals are not approved. This may occur either because the migrant no longer qualifies or because the program that authorized them has ended or not been renewed (for example if DHS decides not to renew a TPS designation or if DACA or another program is ended by DHS or found to be unlawful according to a federal court ruling). Since migrants with precarious immigration protections and EADs do not have a direct path to a green card, they may never obtain one unless Congress passes reforms to provide them with such a path—keeping them in a precarious status indefinitely until there is a policy change or their protections are not renewed.

In fact, if we include asylum seekers with EADs, there are approximately 4.3 million migrants who have protections through a precarious immigration status as of early 2024.[38] But more than half are in danger of losing their protections and EADs if the current U.S. president or a future president decides to end any or all of the administrative immigration relief programs or if a court rules them invalid. Thus, millions who have been issued temporary protections and an EAD could potentially lose the workplace rights and protections that a work permit provides, leaving them vulnerable to exploitation by employers. In the case of asylum seekers, many can and will lose their ability to remain lawfully in the United States along with their work permits, depending on how their case is adjudicated in immigration court or by USCIS.

Immigration enforcement and the impact of inadequate resources for labor standards enforcement

The inability of both unauthorized immigrants and temporary migrant workers to hold employers accountable through regular channels, as discussed in this report, is exacerbated by the current immigration enforcement regime, which prioritizes removing unauthorized immigrants, detaining migrants, and detecting persons who attempt to enter the United States without authorization. This section briefly discusses the U.S. government's lopsided enforcement priorities, the resulting challenges faced by labor standards enforcement agencies, and the impact on all workers.

Labor standards enforcement agencies are underfunded and short-staffed

In order to carry out its immigration enforcement priorities, as **Figure I** shows, U.S. immigration enforcement agencies received $30.2 billion from Congress in fiscal year 2023. All U.S. labor standards enforcement agencies that protect workers, on the other hand, only received $2.2 billion (also Figure I). That gap between the amounts appropriated for immigration enforcement as compared with labor standards enforcement means that immigration enforcement agencies are now funded at a rate that is nearly 14 times higher than the budgets of all federal labor standards enforcement agencies combined. This is up from 12 times as much in 2021—and when it comes to staffing, immigration enforcement agencies had eight times as many staff as labor standards enforcement agencies in 2021 (Costa 2022). The ultimate result of these disparities is to increase the fear that unauthorized immigrants already have when considering whether to report workplace violations, thereby making it even less likely that labor standards enforcement agencies will know about employer lawbreaking and be able to adequately respond.

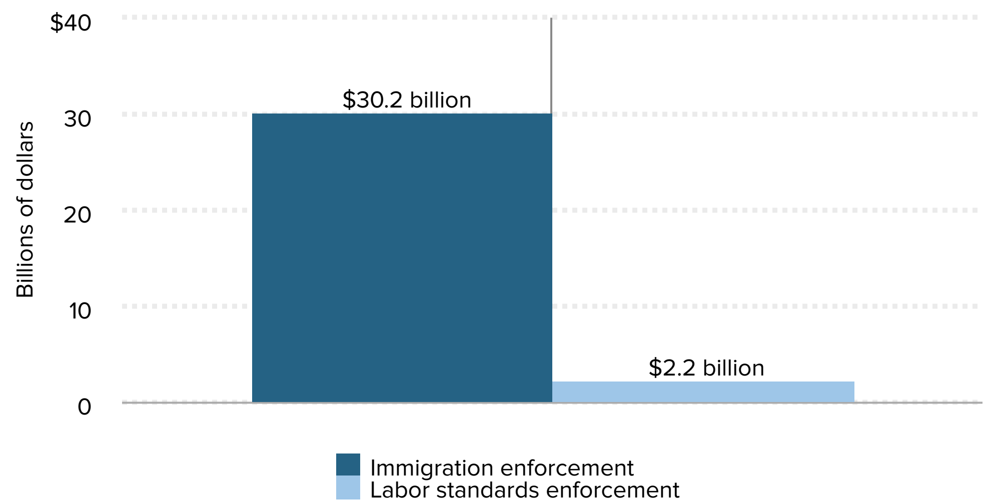
Hinojosa-Ojeda (2010) provides a useful summary of a 2008 report from the Atlanta Federal Reserve (Brown, Hotchkiss, and Quispe-Agnoli 2008) that examined the negative impact that the current immigration enforcement regime has on low-wage labor markets:

> The enhanced [immigration] enforcement regime moves unauthorized workers further underground, lowering their pay, and ironically, creating a greater demand for unauthorized workers. A 2008 report from the Atlanta Federal Reserve analyzes how this vicious cycle is activated and expands as firms find themselves forced to compete for the supply of cheaper, unauthorized labor. When a firm cuts costs by hiring unauthorized workers for lower wages, its competitors become more likely to hire unauthorized workers for lower wage, as well, in order to benefit from the same cost savings.

Figure I

Government funding for immigration enforcement was nearly 14 times as much as labor standards enforcement funding in 2023

U.S. government funds appropriated for immigration and labor standards enforcement, fiscal year 2023 (in billions)



Notes: Values are in 2023 dollars and reflect totals for the U.S. government's fiscal year (October 1 to September 30).

Sources: U.S. Department of Labor, *Fiscal Year 2025—Department of Labor, Budget in Brief*; National Mediation Board, *Congressional Justifications*, fiscal year 2024; National Labor Relations Board, *Performance Budget Justification*, fiscal year 2025; and U.S. Department of Homeland Security, *DHS Budget*, FY 2025 Budget in Brief and Congressional Budget Justification Fiscal Year (FY) 2025, section on Management Directorate.

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This impact of escalating immigration enforcement, coupled with a lack of funds for labor standards enforcement, leaves workers vulnerable and largely unprotected from employer lawbreaking. There are some clear examples in particular industries in which enforcement is inadequate, but violations are common, for example, in agriculture, as we discuss in the next subsection—in which more than half of the workforce is comprised of unauthorized immigrants and temporary migrant workers (Costa and Martin 2023).

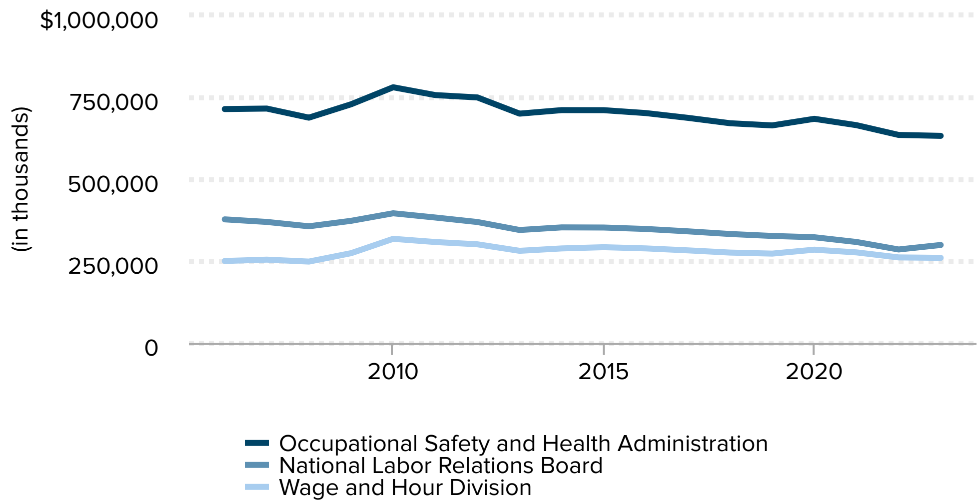
First, some background is appropriate regarding how one of the main federal worker protection agencies, the Wage and Hour Division (WHD), part of DOL, has been impacted by inadequate staffing and funding. WHD is responsible for enforcing provisions of several federal laws related to minimum wage, overtime pay, child labor, federal contract workers, work visa programs, migrant and seasonal agricultural workers, family and medical leave, and more. Yet, despite this broad portfolio and the 167 million workers who are covered by these protections (WHD 2023),[39] funding for WHD has not kept pace with the growth of the U.S. labor force.

Figure J shows that, in inflation-adjusted 2023 dollars, WHD's budget in 2006 was $250

Figure J

Funding for federal worker protection agencies has declined or been flat since 2006

Annual appropriations for the Wage and Hour Division, the Occupational Safety and Health Administration, and the National Labor Relations Board, fiscal years 2006–2023, in constant 2023 dollars (in thousands)



Notes: All values have been adjusted to constant 2023 dollars using the Consumer Price Index (CPI-U) and reflect totals for the U.S. government's fiscal year (October 1 to September 30).

Source: U.S. Department of Labor, *Fiscal Year 2025—Department of Labor, Budget in Brief* and *Archived Budgets*, fiscal years 2008–2024; National Labor Relations Board, *Performance Budget Justification*, fiscal years 2008–2024.

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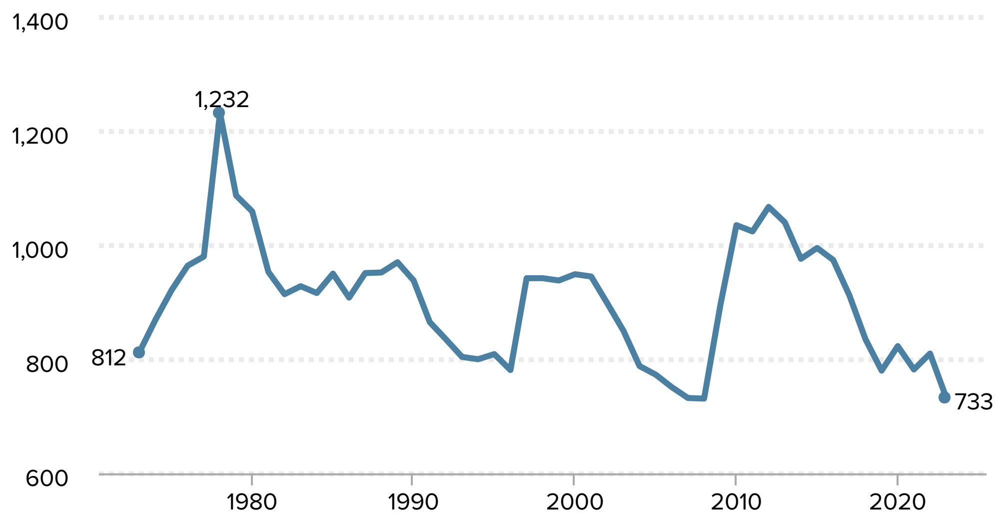
million, and in 2023, $260 million—an increase of just $10 million over nearly two decades. As Figure J also shows, this trend has been consistent with appropriations for two other key worker protection agencies, the Occupational Safety and Health Administration (OSHA) and the National Labor Relations Board (NLRB). At both OSHA and the NLRB, inflation-adjusted appropriations were significantly lower in 2023 compared with 2006.

In addition to funding levels that have barely kept up with inflation at WHD and the 167 million workers WHD has a mandate to protect, the number of WHD investigators that the agency employs, who are primarily responsible for ensuring that federal wage and hour laws are obeyed by employers across all 50 states and U.S. territories, is near an all-time low. **Figure K** shows that there were only 733 WHD investigators at the end of 2023 to enforce all federal wage and hour laws, 79 fewer than in 1973, the first year for which data are available, and 499 fewer than the peak year of 1978 when there were 1,232 WHD investigators. Meanwhile, the number of workers that WHD has a mandate to protect has increased sharply. The average number of workers in 2023 was 167.1 million, which amounts to 227,989 workers for every wage and hour investigator. Compare this with 1973 when there were 72,588 workers for every wage and hour investigator.[40] Investigators are now responsible for more than triple the number of workers as in 1973.

Figure K

Number of federal wage and hour investigators is near its historic low

Number of Wage and Hour Division investigators, U.S. Department of Labor, 1973–2023



Note: The numbers represent Wage and Hour Division investigators on staff at the end of each fiscal year (the federal government's fiscal year runs from October 1 to September 30), except for 2022 and 2023. The 2022 number represents the investigators on staff at the end of November 2022. The 2023 number represents the investigators on staff as of December 7, 2023.

Sources: Author's analysis of Wage and Hour Division (WHD) data on number of investigators from unpublished Excel files provided by WHD staff members to the author. Source for 2020 and 2021 is Rebecca Rainey, "Wage-Hour Investigator Hiring Plans Signal DOL Enforcement Drive," *Bloomberg Law*, January 28, 2022. Source for 2022 is Rebecca Rainey, "Wage Division Enforcement Declines Again in Wake of Hiring Woes," *Bloomberg Law*, Decemer 28, 2022. Source for 2023 is Jessica Looman, "Big Results for Workers in 2023," U.S. Department of Labor Blog, December 7, 2023.

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The value of back wages recovered by WHD, the number of employees who received back wages as a result of WHD actions, and the total number of hours the WHD spent on investigations "all dropped in fiscal year 2022 compared to the year prior" according to WHD data reported on by *Bloomberg Law* in December 2022 (Rainey 2022). Despite WHD's stated intention to hire 100 new investigators during the Biden administration, a heavy workload and inadequate funding from Congress appear to be hindering WHD from hiring enough staff for the tasks at hand. As the same *Bloomberg Law* report noted, WHD has "struggled to recruit new investigative staff."

Inadequate labor standards enforcement in agriculture exemplifies the impact of underfunded and short-staffed worker protection agencies

What has been the result of underfunded and short-staffed worker protection agencies like WHD and OSHA in an industry like agriculture in which half of workers lack an immigration status and roughly one-tenth have a precarious status through temporary H-2A visas? There has been a clear downward trend in the number of closed investigations of agricultural employers by WHD over the past two decades, from more than 2,000 a year in the early 2000s, to 1,000 or fewer a year during the last three fiscal years. In fiscal year 2023, WHD closed only 831 investigations of agricultural employers—a record low during the 2000 to 2023 period—amounting to an average of 68 a month in 2023 (WHD 2024). Eight hundred thirty-one investigations in 2023 is just over a third of the 2,431 agricultural investigations closed in 2000, the peak year for WHD agricultural investigations (Costa and Martin 2023).

The low number of investigations means that most farms are never investigated by WHD; in fact fewer than 1% of agricultural employers are investigated per year (Costa and Martin 2023). Since farm operators know there is a very low likelihood that they will ever be investigated, some may feel emboldened to have a business model that relies on wage theft and other forms of lawbreaking. In addition, when it comes to health and safety violations on farms, reporting from *ProPublica* suggests that farmworkers are unwilling to come forward to report employer violations because of a perception that OSHA doesn't have adequate resources to investigate (Sanchez and Jameel 2023).

These issues extend beyond agriculture, but the agricultural industry is a useful microcosm that exemplifies the broader issues. Another problem that was recently identified that extends beyond agriculture is that even when WHD detects and can confirm employer violations, as another report from *Bloomberg Law* revealed, WHD "cannot litigate every case due to resource issues," citing violations in the H-2B visa program where employers violated the law but were not punished (Rainey 2023).

Yet another enforcement gap has to do with governance of temporary work visa programs. WHD data show that violations of the H-2A visa program—which allows farm employers to hire temporary migrant farmworkers—now account for the vast majority of back wages owed and civil money penalties assessed on employers (73%) (Costa and Martin 2023). Thus, nearly three-fourths of all penalties in agriculture now result from violations of work visa program rules. WHD also recently reported that in the previous five fiscal years, "in 88 percent of WHD's H-2A investigations, WHD found employers in violation of the law" (ETA and WHD 2024). That means that when WHD investigates H-2A violations, they nearly always detect them. These data strongly suggest that violations of the H-2A visa program in agriculture are not limited to a few employers who are "bad apples," but instead that widespread and systematic violations of H-2A rules are ongoing.

In addition, in all U.S. temporary work visa programs, employers that have been found to violate the law—whether it be wage and hour, labor, health and safety, discrimination, or civil rights laws—are nevertheless allowed to continue to hire through visa programs. As numerous investigative reports have shown, even some of the worst violators are allowed to keep hiring, even after they have been sanctioned for lawbreaking and extreme abuses of their workers.[41] Changing and enforcing a rule to prohibit them from hiring would also likely require a significant increase in funding to DOL's Office of Foreign Labor Certification (OFLC), which certifies the applications of employers seeking to hire temporary migrant workers. But funding and staffing levels there have not increased proportionally with the rise in the number of applications for work visas and prevailing wage determinations over the past decade. (OFLC's workload has increased by nearly 50%, while funding has declined by 4% since 2012 after adjusting for inflation (Costa and Hira 2024)). WHD would also need increased funding to help enforce the rule to bar employers that violate the rules.

Taken together, all of these realities further embolden lawbreaking employers to victimize their employees who lack an immigration status or only have a temporary or precarious status because employers know that unauthorized migrants and temporary migrant workers are unlikely to complain and report violations. And even when workers are brave enough to do so, employers know that labor standards enforcement agencies don't have the resources or capacity to respond adequately. The ultimate result is that employers can often steal wages and violate labor and employment laws with impunity, which degrade labor standards for all workers, including the U.S.-born workers who work alongside foreign-born workers.

How to reform immigration policies to maximize benefits for workers and minimize challenges

So far in this report we have discussed existing analyses of how immigration impacts the economy and how immigration status impacts wages and worker rights. But we wish to reiterate that most, if not all, of the negative impacts or potential negative impacts that immigration could have on the economy, wages, or labor standards, are the result of how the immigration system is structured and its legal framework. In particular, the rights and protections that migrants and immigrants have depending on their immigration status, or lack thereof, and the employment relationships that result between migrants and immigrants and their employers, are the result of policy choices. A severe power imbalance between workers and employers that is tilted almost entirely in favor of employers is what leads to worker exploitation. Temporary and precarious immigration statuses, or the lack of status, can embolden employers to break laws while making it difficult to hold them accountable.

This section briefly discusses some of the most important policy reforms that should be made to update the immigration system in order to level the playing field between workers and employers, and thereby lift standards and raise wages economywide. Successfully doing so would maximize the economic benefits of immigration and bring credibility to the immigration system, allowing all workers to see that the system is not being misused by employers to degrade wages and labor standards. That credibility is necessary in order to build public support for higher levels of immigration and to assuage the concerns of those who have valid critiques of the current pro-employer U.S. immigration policy framework.

In sum, an immigration system that leads to shared prosperity for all workers means lifting standards and ensuring that all workers have equal and enforceable labor and workplace rights regardless of immigration status—as well as having a flexible and data-driven immigration system that can adjust based on the needs of the economy.

A broad and quick path to a green card for the unauthorized immigrant population and those with precarious statuses

Perhaps unsurprisingly, the first and most important reform needed is a quick and broad legalization for the current unauthorized immigrant population—roughly 5% of the total U.S. workforce—that leads to lawful permanent residence (green cards), making beneficiaries eventually eligible for citizenship. Having 5% of the U.S. workforce vulnerable to exploitation and workplace abuse only benefits lawbreaking employers—and it drags down labor standards for all workers, including the U.S.-born, naturalized citizens, and green card holders. This reality has existed for far too long and should be an urgent priority for Congress to address.

To maximize economic gains that come with the path to a green card and citizenship—which include raising wages significantly, especially for workers in low-wage industries—the path must be as inclusive as possible. The pathway should not be long and arduous like those that have been proposed in major immigration reform bills of the past, such as S.744 from 2013, which required a 10-year path to a green card and another three years for citizenship eligibility. As discussed earlier, the 1986 IRCA legalization made beneficiaries eligible for green cards after 18 months; the same timeline should be the goal. However, one valid critique of IRCA was that the law's legalization program was not nearly broad enough; it failed to legalize millions, which left behind the core of today's unauthorized population (Chishti and Kamasaki 2014).

Having a long and difficult pathway with onerous requirements (which may be designed to reduce the number of eligible beneficiaries for green cards) will have the effect of leaving potential beneficiaries who are awaiting green cards vulnerable to abuse by employers. For example, a requirement that workers be employed for a set number of days per year in a particular industry, such as agriculture, could have the effect of leaving them in a quasi-indentured state. S.744 required potential applicants for green cards to pay processing fees and back federal taxes, as well as meet minimum income and employment tests—requirements that would have led to a significant share of the total unauthorized immigrant population never obtaining a green card—dooming the nation to repeat history.

A long and difficult pathway to permanent status also delays potential wage gains for immigrants and other workers, including U.S.-born workers and earlier immigrants, and the additional tax revenue associated with increased earnings. It makes no sense to restrict the wage gains and other societal benefits that come with a green card, which have been measured time and time again through rigorous research. And it would delay the ability of immigrants to fully integrate and participate in civic life, and make them less likely to make the kind of longer-term investments in their future that would also benefit the broader economy, whether it be purchasing a home, starting a business, or investing in job training and education.

The executive branch should use existing authority to expand temporary rights and protections and issue work permits to protect workers and improve labor standards

The number of people in precarious statuses through temporary protections like parole, deferred action, or Temporary Protected Status (TPS), has increased. There were almost 2.8 million migrants in those statuses as of early 2024, nearly all of whom are eligible for work permits, which are formally known as Employment Authorization Documents (EADs).[42] There has also been a large increase over the past decade in the number of asylum seekers who are lawfully employed with EADs, over 1.5 million as of late 2023, who are also in a precarious quasi-status while they pursue their claims.[43]

In fact, the recent increase in precarious statuses has resulted in close to one-third of the entire unauthorized immigrant population having some form of temporary protection and the workplace rights that come with an EAD.[44] As discussed in this report, the workers in precarious statuses who possess EADs are in a vastly better situation compared with being unauthorized with no EAD—because work permits allow them to have workplace rights that can be enforced in practice—even if most are unable to access an eventual path to a green card and citizenship. The current status quo in which one-third of an exploitable population has enforceable workplace rights—however precarious and temporary—is vastly preferable over the prior reality where nearly all had rights that only existed on paper and were virtually impossible to enforce in practice.

Whether through the use of TPS and humanitarian parole—which are based in statute—or deferred action and other forms of prosecutorial discretion, the executive branch has demonstrated across multiple presidential administrations that it has the requisite tools and legal authority necessary to expand temporary rights, protections, and work permits for the millions of migrants who lack an immigration status. (Many of whom have resided in the United States for decades and are deeply integrated into communities across the United States.)

The executive branch should thus take immediate action to improve standards for all workers through new and expanded TPS designations, additional use of humanitarian parole and parole-in-place, and grants of deferred action—at least until Congress acts and passes the most essential reforms necessary. Doing so would instantly improve wages and working conditions for both foreign-born and U.S. born workers in countless industries.

Green cards instead of temporary work visas

There are now at least 2 million temporary migrant workers in the United States who are employed through temporary work visas. The numbers of visas issued and workers in the programs have grown exponentially since the Immigration Act of 1990, while the number of employment-based green cards has remained relatively flat due to the annual numerical limit for employment-based green cards (Costa 2020). Temporary work visas are often the only viable employment-based option for migrant workers seeking jobs in the United States, but as discussed earlier in this report, temporary work visas leave those workers indentured and often (legally) underpaid compared with similarly situated U.S. workers—creating a two-tiered system of rights and standards in the workplace. Moreover, most temporary work visas do not offer a viable or direct path to permanence.

To ensure that all workers have equal rights and to restore the balance of power between employers and workers, the U.S. immigration system should be tilted away from temporary work visa programs and toward providing more green cards for workers. Instead of arriving in a quasi-indentured status and having limited rights, the vast majority of migrant workers should be able to arrive with a green card in hand, giving them the freedom to change jobs if they can earn more or be more productive working for another employer or starting their own business. This will also allow them to benefit from the economic gains associated with green cards and citizenship and to make long-term investments in their future that benefit the U.S. economy.

Reforming work visa programs

Given the critiques reiterated in this report and explained with extensive evidence through various EPI publications, we strongly believe that the U.S. immigration system should shift away from temporary work visa programs because of their inherent flaws that allow employers to exert a coercive amount of power over workers, which allows them to exploit and underpay workers and to violate labor and employment laws with impunity. The bargaining power of all U.S. workers is undercut when more than 2 million temporary migrant workers—1.2% of the U.S. labor force—are underpaid by employers and cannot safely complain to labor standards enforcement agencies or sue employers that exploit them because their visa status is owned and controlled by their employer.

The issue is not that all employers of temporary migrant workers break laws or have bad intentions, but that the current structures and legal frameworks of temporary work visa programs facilitate worker exploitation and are coupled with inadequate mechanisms in place for oversight and accountability. Reforming the system would ensure an even playing field for employers and raise wages and improve standards for both temporary migrant workers and U.S. workers in adjacent occupations and industries.

To achieve this, we propose several key reforms that are necessary to protect workers and modernize the U.S. immigration system:[45]

1. Congress should require employers to recruit and offer jobs to qualified U.S. workers before being allowed to recruit workers abroad.
2. Congress should regulate foreign labor recruiters to protect migrant workers and ensure transparency in recruitment chains, and hold end-user employers jointly liable for the actions of their recruiters.
3. Employers should be prohibited from hiring through temporary work visa programs if they have violated labor and employment laws, as well as civil rights, anti-discrimination and anti-trafficking laws.
4. Temporary migrant workers should be paid fairly according to U.S. wage standards based on the specific occupation and region.
5. Temporary migrant workers should be allowed to change employers and never be indentured to their employers through their visa status.
6. Temporary migrant workers should be allowed to self-petition for permanent residence after a short period in temporary status; ideally no longer than 18 months.
7. Much more funding should be appropriated to the U.S. Department of Labor to enforce an updated work visa system and strengthen the department's mandates to conduct adequate oversight and debar employers, as well as to conduct random audits of employers.
8. Transparency in temporary work visa programs should be improved to protect workers and aid anti-trafficking efforts, in particular through the systematic release of more and better government data on temporary work visa programs.
9. An independent commission on employment-based migration and immigration should be established to make the system more flexible and data-driven and to depoliticize the adjustment of numerical limits in temporary work visa programs and for employment-based green cards.

Making U.S. labor migration more transparent, data-driven, and flexible with an independent commission on immigration

The U.S. immigration system needs to be much more flexible and data-driven in order to be responsive and able to adjust to the needs of the economy. Adjusting annual visa caps for both employment-based green cards and temporary work visa programs requires congressional action, which can be contentious because it is influenced by lobbying and opaque political considerations rather than facts, and too slow to keep up with changing economic conditions. Most permanent and temporary employment-based visa quotas have not changed since 1990, despite a vastly different U.S. economy and workforce three and a half decades later.

EPI has long proposed an independent commission on immigration and the labor market that would report regularly to Congress and the president, proposing new quotas on an annual or semiannual basis—based on economic needs and conditions, and issue public reports citing the evidence for its recommendations, which would be based on methodologies that are credible and transparent. The commission would consider the many trade-offs inherent in immigration policymaking in its recommendations, and Congress would ultimately decide which policies to adopt or reject. Basing quotas on evidence, data, and changing economic realities would depoliticize the process of setting numbers and provide an evidence base for decisions that can be inspected by all.[46] Other expert organizations and groups have also called for a similar commission model.[47]

Expanding and strengthening humanitarian migration pathways

The world is experiencing the largest global displacement crisis in modern history, and the forced migration seen on the Western Hemisphere is a major component of the broader global trend (UNHCR 2024). Given the history of interventions in its own hemisphere, the United States government has a special responsibility to at least accept more refugees and asylum seekers from the region,[48] but should also accept more from other regions. Existing research already shows that humanitarian migrants see wage gains and integrate well into communities across the United States and make important economic contributions, leaving little to fear from an economic perspective.

Existing humanitarian pathways should be expanded to meet the current need of persons fleeing persecution, conflict, and environmental change by (1) increasing the annual refugee ceiling quotas and investing in a more robust and durable network for resettlement assistance and support and (2) making the U.S. asylum system more welcoming, including by broadening the definition of asylum, either by statute or executive action where possible, including the creation of pathways for migrants who are displaced by the climate crisis and armed conflict. In addition, humanitarian pathways should be improved through strengthening worker protections for newly arriving refugees, asylees, and asylum seekers through know-your-rights trainings. And employers that regularly recruit and hire refugees, asylees, and asylum seekers, should be required to commit to providing fair and decent working conditions, including a commitment to labor neutrality.

To further facilitate workforce integration, public assistance should be made available to new arrivals; work permits should be expedited to boost economic gains and reduce the workload of social services providers, including shelters; and government agencies should partner formally with unions, workers' centers, and assistance providers on job training and matching workers with employment opportunities.

Adequately funding labor standards enforcement and stricter penalties for lawbreaking employers

As EPI has reported numerous times over the years and as discussed in this report, the U.S. government now appropriates nearly 14 times more for immigration enforcement than on all labor standards enforcement combined ($30.2 billion vs $2.2 billion). Rather than spending tens of billions of dollars per year for immigration enforcement, what's needed are more resources and staffing for labor standards enforcement agencies, and a more strategic focus on labor standards enforcement that does not take immigration status into account. A shift away from immigration enforcement will result in removing barriers to organizing in workplaces across the country—which will boost economic outcomes through the adoption of collective bargaining agreements—that also serve to close racialized and gendered gaps in wages and working conditions.

At present, labor standards agencies are underfunded, short-staffed, and ill-equipped to hold lawbreaking employers accountable. While immigration benefits the U.S. economy overall as discussed in this report, when worker protection agencies cannot adequately do their jobs, employers can exploit the millions of migrant workers who lack an immigration status or who only have a temporary or precarious status in ways that degrade standards for all workers.

U.S. labor standards enforcement agencies must therefore be staffed and funded adequately to protect the rights of all 167 million workers in the United States, including migrant and immigrant workers, so that lawbreaking employers who abuse workers of any status will face much higher chances of being caught and much higher penalties than they currently do. Congress must make major investments to achieve this, by at least tripling the funds appropriated to worker protection agencies like the Wage and Hour Division and the Occupational Safety and Health Administration in the U.S. Department of Labor, and the National Labor Relations Board.

Family-based immigration should remain an important pathway

Family-based immigration accounts for roughly two-thirds of all green cards and should remain a robust and important immigration pathway. While EPI's immigration analyses and proposals mainly focus on the employment-based aspects of immigration, we fully support family reunification remaining the dominant pathway in the U.S. immigration system. Family reunification is in the national interest because families are our most basic learning and support systems and therefore greatly facilitate the assimilation of immigrants into American life. Many, if not most, family-based immigrants also enter the labor market and make important economic contributions to the United States, even if these contributions have not been analyzed and measured to the same extent as those of other migrants and immigrants.

Conclusion

As the body of evidence in this report shows, immigration to the United States has contributed greatly to growing the economy, and foreign-born workers have been complementary to U.S. workers and expanded opportunities for them. From an economic and labor force perspective, continuing or increasing immigration levels is not something to be feared if the right polices are in place and governance is improved. The challenges and potential pitfalls that must be addressed are mainly the result of workers lacking equal rights in the workplace due to their immigration status.

The share of those workers in the U.S. labor force, who either lack an immigration status or only have a temporary and precarious status that can expire or be rescinded, is large and growing. A workforce with so many workers in this situation results in a massive power imbalance that benefits employers and allows them to keep workers in fear of calling out workplace violations like wage theft and various other forms of lawbreaking. The precariousness of migrant workers makes it nearly impossible for them to exercise the labor and employment rights they ostensibly have on paper, which leads to degraded workplace conditions for all workers, compared with an ideal scenario in which all workers have full and equal rights. The reforms and policy interventions we have outlined are needed to fix this.

Nevertheless, despite an unjust immigration policy regime and the abuses enabled by the status quo, immigration has still benefitted the economy greatly, including most foreign-born and U.S.-born workers. But if the recommendations outlined here were implemented, leading to a guarantee of full and equal workplace rights for all workers and an improved and expanded labor standards enforcement regime—then future immigration flows and even expansions will result in a fairer and more broadly shared prosperity for all workers and increased dynamism for the U.S. economy.

Notes

1. In this report, the statistics we present from the American Community Survey and Current Population Survey follow the convention that immigrants are synonymous with what the U.S. Census Bureau calls the "foreign-born population", which are defined as those people in the U.S. who were not citizens at birth. The small number of U.S. citizens born abroad to U.S. parents are not included in the foreign-born population and in this report, are treated as "U.S. born".

2. The labor market participation rate in 2023 was 66.6% for immigrants and 61.8% for U.S.-born workers (BLS 2024a).

3. CBO (2024) in particular adjusts for the possibility that growing survey nonresponse in the CPS is causing an undercount of the size of the foreign-born population. Correcting this possible undercount also helps to make sense of a recent gap between the household-based CPS and the establishment-based Current Employment Statistics survey, as explained by Edelberg and Watson

2024 and Tedeschi 2024. At the same time, Butcher et al. 2023 argue that the CPS may be overstating the size of the foreign-born population.

4. Appendix B of CBO 2024 reports that their adjustments to the CPS increase the estimated foreign-born population share to 15.6% in 2022 and 16.2% in 2023. In Figure 2 of the CBO report, the total Social Security area population estimates are about 335.5 million in 2022 and about 338.4 million in 2023. Together, these estimates imply that the foreign-born population grew by about 4.8%.

5. See Bivens 2022 for an overview of the U.S. economic situation before the American Rescue Plan passed and the law's subsequent effect on labor markets.

6. Immigrant workers at a given income level also likely have smaller propensities to consume out of current income than U.S.-born residents because they are much more likely to send remittances abroad to family members in their origin countries. This is another reason why a larger share of immigrants in the population is likely deflationary.

7. For an overview of the evidence on the weak causal link between labor market developments and subsequent inflation, see Banerjee and Bivens 2023.

8. Authors' analysis of the 2023 Current Population Survey basic monthly microdata. "Dental, nursing, and health aides" refers to the occupations Home Health Aides, Personal Care Aides, Nursing Assistants, Orderlies and Psychiatric Aides, Occupational Therapy Assistants and Aides, Physical Therapist Assistants and Aides, Massage Therapists, Dental Assistants, and Medical Assistants.

9. See Saiz 2010 for evidence on the lack of responsiveness of supply to shifts in demand for housing.

10. See Kmetz, Mondragon, and Wieland 2022 for the effect of the pandemic shock on housing demand.

11. See Schuetz 2022 for an overview of this agenda.

12. For a discussion of monopsony power and wage markdowns, see Manning 2020.

13. Authors' analysis of Baugh 2023 and Department of Homeland Security Statistics, Yearbook of Immigration Statistics (various years).

14. The fact that these visas are called "nonimmigrant" in U.S. law has to do with the fact that foreign nationals who apply for them are not allowed to immigrate permanently to the United States. U.S. law presumes that all foreign nationals wish to reside permanently in the United States, and in order to be issued a nonimmigrant visa, the applicant for the visa has to prove to the U.S. government that they do not intend to reside permanently in the United States.

15. Authors' analysis of State Department nonimmigrant visa statistics and U.S. Citizenship and Immigration Services petition data.

16. The Refugee Act of 1980, S.643-Refugee Act of 1979 (title upon introduction), 94 Stat. 102, Public Law 96-212 (March 17, 1980), 96th Congress (1979–1980), Congress.gov.

17. There are also separate provisions in the Immigration and Nationality Act for the granting of asylum on a case-by-case basis to persons who are physically present in the United States or who arrive in the United States and who meet the definition of a refugee. For more background, see Bruno 2019.

18. Authors' analysis of USCIS Form I-765 data for fiscal years 2022 and 2023.

19. See Ruiz Soto, Gelatt, and Hook 2024, Passel and Krogstad 2024, Baker and Warren 2024, and Warren 2024.

20. See for example, Chishti and Bush-Joseph 2023, Chishti, Bush-Joseph, and Putzel-Kavanaugh 2024, Ruiz Soto, Gelatt, and Hook 2024.

21. See Table A1 in Batalova, Gelatt, and Fix 2024, updated by authors with latest TPS population estimate in Wilson 2024. The 2.8 million total cited here excludes asylum seekers whom we also consider to be in a precarious status. As noted above, there were 1.5 million asylum seekers who held valid EADs in 2023, but the total number of asylum seekers is greater but unknown.

22. See for example, discussion of data in Passel and Krogstad 2024, Baker and Warren 2024, and Ruiz Soto, Gelatt, and Hook 2024.

23. See discussion in Hinojosa-Ojeda 2010.

24. Hinojosa-Ojeda 2010 summarizing and citing Rivera-Batiz 1999; Amuedo-Dorantes, Bansak, and Raphael 2007; and Kossoudji and Cobb-Clark 2002. Kallick 2013 also provides a useful review and commentary on the studies that measure the impact of granting status to unauthorized immigrants (see Appendix A).

25. See for example, Galarza 1956, Meissner 2004, and Costa 2021.

26. See for example, Lapinig 2017.

27. See for example, Bauer and Stewart 2013.

28. See for example, Bauer and Stewart 2013, Garrison, Bensinger, and Singer-Vine 2015, and GAO 2017.

29. See for example, Costa and Hira 2020, Costa 2016, Hira 2015, and Costa 2017.

30. For example, see discussion in Costa 2021.

31. See for example, Hira and Costa 2021 and Costa and Martin 2023.

32. Bivens and Shierholz broadly define "monopsony power" as "the leverage enjoyed by employers to set their workers' pay." See Bivens and Shierholz 2018.

33. See for example, Gibbons et al. 2019 and Naidu, Posner, and Weyl 2018 for estimates of monopsony power's effects in wage suppression in the United States.

34. For more background, see Broder and Lessard 2023.

35. With the exception of back pay under the National Labor Relations Act due to the *Hoffman Plastics* decision of the U.S. Supreme Court, see for example WHD 2008.

36. For more discussion and background, see Kolker and Morton 2023.

37. For the full list of EAD eligibility categories, see USCIS 2024.

38. This total includes 2.8 million migrants in precarious statuses like DACA, TPS, and parole, and the 1.5 million asylum seekers with an approved EAD (see discussion in previous section).

39. The document cited from WHD does not list a date but was last viewed by the authors in

mid-2023, meaning it was likely citing the number of workers in the civilian labor force in 2022; it is referenced as evidence of the number of workers who are protected by WHD. We cite an updated number for the number of workers in the civilian labor force in 2023, as the number for which WHD is responsible for protecting. The number of covered workers is derived from the annual averages reported for the total civilian labor force, Bureau of Labor Statistics, Labor Force Statistics from the Current Population Survey, Series Id: LNU01000000, Not Seasonally Adjusted, Series title: (Unadj) Civilian Labor Force Level, ages 16 and over [data tables], U.S. Department of Labor.

40. To derive this estimate, the number of workers in 1973 and 2023 was divided by the number of WHD investigators in those years. The number of covered workers is derived from the annual averages reported for the total civilian labor force, Bureau of Labor Statistics, Labor Force Statistics from the Current Population Survey, Series Id: LNU01000000, Not Seasonally Adjusted, Series title: (Unadj) Civilian Labor Force Level, ages 16 and over [data tables], U.S. Department of Labor.

41. See for example, Costa, Martin, and Rutledge 2020, Bensinger, Garrison, and Singer-Vine 2016, and Cotsirilos 2023.

42. Authors' analysis of Table A-1 in Batalova, Gelatt, and Fix 2024 plus additional updated numbers for the TPS population reported in Wilson 2024.

43. Authors analysis of USCIS n.d. for employment authorization category "C085, applicant/pending asylum."

44. Authors' estimate based on the total population of persons in precarious statuses as a share of the total unauthorized immigrant population, which also relies on estimates by Passel and Krogstad 2024 and Batalova, Gelatt, and Fix 2024.

45. For more discussion, see Costa 2021.

46. See further discussion in, for example, Marshall and Eisenbrey 2010, Marshall 2009 and 2011, and Ruhs and Martin 2013.

47. See for example Papademetriou et al. 2009 and Gelatt and Chishti 2024.

48. See for example, Faux 2017, Borger 2018, and Shesgreen 2018.

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