

Economic Projections for Asylum Seekers and New Immigrants: Massachusetts

Immigration is hardly a new social trend in Massachusetts. Of the 7 million people living in the state, 1.3 million are immigrants, 18 percent of the total population, according to the 2022 American Community Survey.

Over the past two years, however, a new trend in immigration has generated a different kind of attention. The number of people seeking asylum and other protection in the United States has risen sharply.

How can we expect these new immigrants to fare in the economy? To model this question, the Immigration Research Initiative and the Massachusetts Budget and Policy Center looked at how immigrants with similar characteristics currently make ends meet in the state.

Wages Earned and Taxes Paid by Newly Arriving Immigrants

New immigrants arriving in Massachusetts can expect to earn a median wage of about \$24,000 per year. If there are two wage earners in a family, the combined income would be about \$48,000.

WAGES EARNED AND TAXES PAID

| | Annual Wages | Aggregate Wages per 1,000 Workers | State & Local Taxes Paid per 1,000 Workers |
|---------------------|--------------|-----------------------------------|--------------------------------------------|
| When First Working | \$24,000 | \$24 million | \$2.0 million |
| After About 5 Years | \$34,000 | \$34 million | \$2.8 million |

Fig. 1: Immigration Research Initiative modeling, using data from 2021 American Community Survey 5-year data. See methodology section for details.

That means newly arriving immigrants will have a hard time making ends meet, to be sure, but are likely to be at least slightly above the federal poverty level even when they first get here. The federal poverty level in 2021 was \$12,880 for individuals and \$26,500 for a family of four.

Once immigrants have been here for about five years, their median wage will likely increase to about \$34,000 per year, as they earn higher wages and as a larger share get full-time jobs, raising a two-earner family's income to about \$68,000.

Newly arriving immigrants also grow the economy and pay taxes. In the first year after arrival, the IRI model predicts that for each 1,000 newly arrived immigrant workers the aggregate annual wages paid is \$24 million—a direct economic benefit to the region in which they are working in both the value of work produced and in added local spending power. State and local tax revenues also increase as immigrants settle

in the area. For each 1,000 workers, initial state and local tax revenues are predicted to increase by \$2.0 million. After these immigrants have been here for about five years, the IRI model predicts that for each 1,000 workers annual wages to be \$34 million and state and local tax revenues would be \$2.8 million.

The IRI model is based on data from the 2021 American Community survey. It is worth noting that since that time Massachusetts has made it possible for residents to get drivers' licenses and in-state tuition rates, irrespective of immigration status. These pro-growth policies will only increase the economic contribution of newcomers, as would additional public investment in English as a Second Language, such as through adult basic education programs. On the other hand, unlike ten other states, immigrants without Social Security numbers are still excluded from the state's Earned Income Tax Credit, even when they file income taxes with an individual tax identification number (ITIN).

Also of note, for work authorization there is typically a delay of at least six months and often even longer before people get authorization even among those who are eligible through, for example, temporary protected status or by seeking asylum. Having access to legal services is critical in this process. And, some newly arriving immigrants also do not get work authorization. The projections here are based on a substantial number of people getting work authorization. Not all—about a quarter to half of the comparison group on which calculations are based—don't have work authorization. But clearly work authorization makes a big difference and we should do everything we can to expedite it.

Immigrants Move Up in the Economy Over Time

The long history of immigration in the United States shows that once immigrants get a footing in the economy, they learn English, get better jobs, and earn higher wages. There is every reason to think that, given the opportunity, people currently seeking safety in this country would do the same.

By the time immigrants have been in Massachusetts about five years, they can expect to earn about \$34,000, up from a \$24,000 median wage for those who have been in the U.S. less than two years. A key reason for this is that many immigrants start working part-time jobs when they first get to the U.S., and then get full-time jobs once they have settled. After being here for 20 years the median wage is \$49,000. In many cases, families have two working adults, which makes their family income double the individual wage.

Projected wages are presented here in 2021 dollars, so the actual future wages can be understood to be somewhat higher in today's inflation-adjusted dollars. The analysis also assumes some pathway to work authorization. For those who do not gain work authorization the upward path is more limited.

PROJECTION OF WAGE ADVANCEMENT FOR NEWLY ARRIVING IMMIGRANTS

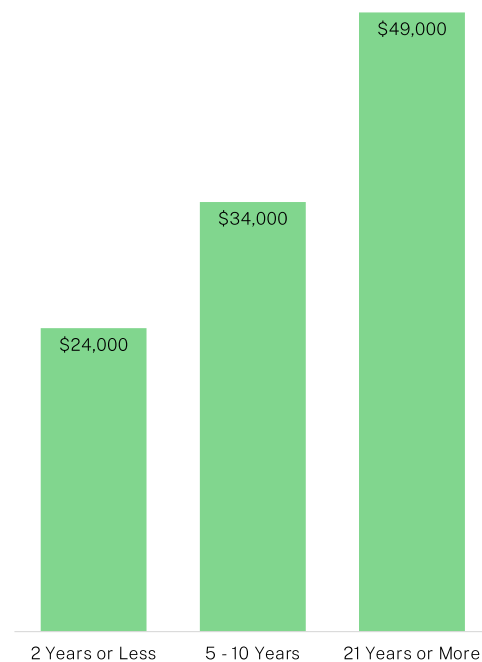


Fig. 2. Immigration Research Initiative analysis of 2021 ACS 5-year data. Projected wages are in 2021 dollars.

For reference, 200 percent of the federal poverty level is about \$26,000 for individuals, and \$53,000 for a family of four. This measure, double the poverty level, is often used as a proxy for what families need to cover basic household expenses.

When immigrants first arrive in the United States, the IRI model shows some of the positions that immigrants are most likely to find are as construction laborers, cashiers, housekeepers, child care providers, personal care attendants, agricultural workers and cooks. Many will also find work in occupations with at least slightly higher wages in jobs such as retail salespeople, truck drivers, registered nurses, or nursing assistants.

By the time immigrants have been here for longer and learn English better, the job mix has changed. After being here five to ten years, the IRI model predicts that in addition to the above jobs, a significant number of immigrants are likely to move into jobs as nursing assistants, personal care aides, managers, chefs or head chefs, and accountants.

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Methodology

To model the likely outcomes for new arrivals, IRI looked at immigrants in Massachusetts who had been in the country for less than two years, and who don't speak English very well. The group of people in the data includes both documented and undocumented immigrants. The sample of people who have been in the U.S. less than two years basically represents non-citizens (since with rare exceptions people can't apply for citizenship until later).

To model the outcome for those who have been here for about five years, we expanded the analysis to also include those who speak English "very well," reflecting the fact that many—though not all—immigrants learn to speak the language very well within five years. We did not include in the analysis people who speak "only English at home. To get a robust sample size, IRI used the 2021 Census American Community Surveys (ACS) 5-year data, and looked at groupings of years since arrival. Within that data set, we considered people who are newly arrived (having come to the U.S. within the last two years), those who have been here for some time (having arrived in the U.S. between five and ten years ago), and those who are longtime residents of the U.S. (having been here for more than 20 years).

The tax analysis is based a simple use of the Institute on Taxation and Economic Policy's report "[Who Pays: A Distributional Analysis of the Tax Systems in All 50 States](#)." According to the most recent, 7th Edition, the bottom 20 percent of tax filers in Massachusetts pay 8.2 percent of their income in state and local taxes. We use this as the effective tax rate for newly arriving immigrants as well as for those who have been here for five years.

Many, but not all, of the workers would have work authorization. Many newly arriving immigrants are eligible to apply for Temporary Protected Status, humanitarian parole, asylum, or other designations that give them temporary or permanent work permits. The Institute on Taxation and Economic Policy's related report, "[Undocumented Immigrants' State and Local Tax Contributions](#)," shows that immigrants without work authorization pay an effective tax rate of 7.0 percent in Massachusetts, a little lower than those with work authorization. The overall tax estimate might be increased some by families with incomes on the higher range, and decreased some by the proportion of immigrants who are undocumented.