



MINNESOTA BUDGET PROJECT

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Stable Status for Undocumented Immigrants Good for Economy

In Minnesota, as in the rest of the United States, immigrants play a crucial role in shaping our economy and communities. Many of the first Minnesota immigrants came from Scandinavian countries, and today families from India, Laos, Mexico and Somalia call Minnesota their home.¹ In 2014, about 1 in 13 Minnesotans were born outside of the United States.²

Immigrants come to the United States seeking a better life and opportunity for themselves and their children. Many immigrants to Minnesota have deep roots in our communities, arriving here as children with no other concept of home. Many have children who are American citizens. But federal immigration policy has not kept up with the nation's economic needs. In 2012, an estimated 95,000 undocumented immigrants lived in Minnesota.³ Immigration reform is long past due. More stable status would allow undocumented immigrants to put their skills and abilities to full use and contribute to strengthening the economy.

Federal policy changes can improve the current immigration system so that the millions of immigrants who have put down roots in this country can further build on their economic contributions. For example, in 2014, President Barack Obama announced an executive order that would provide temporary legal status for 3.9 million undocumented immigrants in the United States, including 30,000 in Minnesota, who either came to the country as children or are parents of children who are citizens or lawful permanent residents. Through Deferred Action for Childhood Arrivals (DACA) and Deferred Action for Parents of Americans and Lawful Permanent Residents (DAPA), the 2014 executive action would provide work permits and relief from deportation for three years.⁴ However, a court case delaying implementation of the action needs to be resolved, and may not happen until next year.

On the state level, policymakers can also enact policies that recognize the value these residents bring to the state and allow them to make even stronger contributions to the state's economy. With a tightening labor market today and a labor shortage on the horizon, policies that more fully integrate the skills and abilities of immigrants into the economy are a common-sense approach to building the workforce we need for the future.

Expanding Opportunity for Immigrants Strengthens Economy and Workforce

When immigrants have a stable status, they can put their skills to full use in building our economy. These workers are able to take jobs that match their full range of abilities, build on and develop additional skills, and ultimately increase their earnings, benefitting their families as well as state and national economies.

Executive actions Obama took in 2012 and 2014 on immigration are estimated to improve the U.S. economy by \$230 billion over ten years, and Minnesota's economy by an estimated \$1.7 billion.⁵ By contrast, the Center for American Progress estimates that granting legal status for all undocumented immigrants, as some advocates have proposed, would boost the national economy by \$832 billion over ten years.⁶

Undocumented immigrants without legal status are restricted in their ability to achieve a prosperous future for their families. In contrast, immigrants with the temporary legal work status under Obama's executive action are expected to see a 5 to 10 percent wage increase, bringing many families closer to making ends meet.⁷ The more stable status under this action would give immigrants the ability to obtain Social Security Numbers, allowing them to be paid in the same manner as their co-workers and offering protection from wage theft that can occur in cash-payment employment. They also would be able to gain driver's licenses, which expands the number of job opportunities or hours they are available to work.

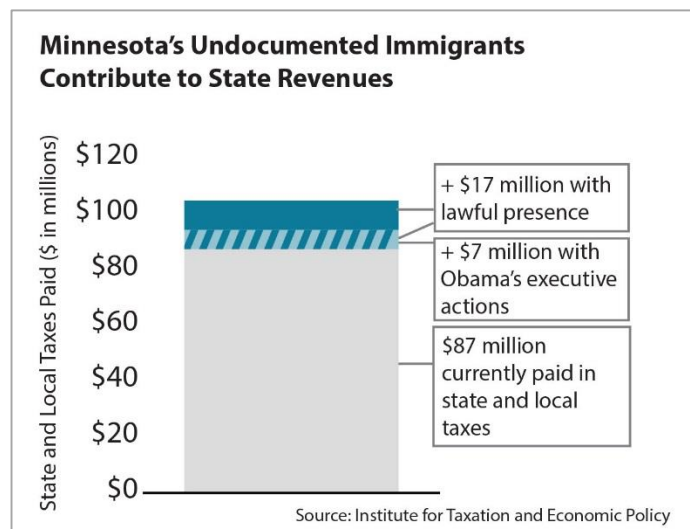
Aside from the benefits of boosting families' earnings, stable status means families with mixed statuses – for example, where children are U.S. citizens and the parents are undocumented immigrants – are less likely to be ripped apart.

If enacted, Obama's 2014 executive action would expand opportunity for 30,000 immigrants in Minnesota and is a common-sense way to recognize the contributions of people already working in our communities. It also acknowledges the investments we have made in the thousands of young people who have grown up here by offering them opportunity to strengthen their education and skills, and then put those skills to work in the state they call home.

The greater job opportunities that come from stable status would result in increased earnings, and would also boost tax revenues for the state. Undocumented immigrants currently living in Minnesota already pay an estimated \$87 million in taxes in a variety of ways.⁸ For example, they pay sales tax when they buy school supplies, property taxes through their rents, and income taxes when it is deducted from their paychecks and when they file taxes in the spring. Even though undocumented immigrants are ineligible for many services that taxes pay for, they are doing their part to support our schools, roads and bridges, and other public services.

The increased earnings expected from Obama's executive actions are estimated to result in approximately \$7 million per year in additional state and local taxes paid by undocumented immigrants.⁹ Alternatively, the Institute for Taxation and Economic Policy estimates that granting legal status to all undocumented immigrants would mean \$17 million in increased tax revenues in Minnesota.

Stable status for immigrants would also be a positive step toward meeting Minnesota's growing labor force needs. The state is facing an upcoming labor shortage, as older Minnesotans will soon be leaving the workforce more rapidly than they can be replaced. Providing undocumented immigrants, including thousands of young people, with a path to stable status, as well as having a welcome culture for legal immigrants, are important strategies to meet our workforce needs now and in the future.



State Policies Can Make a Difference

State policy choices can make Minnesota more welcoming for immigrants and further boost our state's economy, regardless of federal action. Minnesota currently provides in-state tuition and financial aid for undocumented immigrants who meet certain requirements,¹⁰ allowing many young immigrants to gain important skills for the workforce and more fully reach their economic potential.

Another step Minnesota can take is to expand access to driver's licenses, regardless of immigration status. Having a driver's license allows workers to get to their jobs safely and reliably, and have more flexibility for scheduling and broadened job opportunities. These factors would likely increase the earnings of these workers, resulting in increased consumer spending in our local communities.

Immigrants have long played a role in shaping our communities in both Minnesota and the United States. From developing innovations in science, technology and health care, to expanding our cultural experiences through food, music and art, immigrants contribute to our country's shared heritage in wide and varied ways. They are our neighbors next door; their children attend local schools; they strengthen our economic growth by starting up businesses and supporting local shops and restaurants.

But federal immigration policy hasn't allowed undocumented immigrants to completely share their abilities, skills and resources within the communities they live. It's time for positive change at the federal level. Minnesota should do its part as well.

By Clark Biegler

¹ Minnesota Compass, [Population Trends](#), 2015.

² U.S. Census Bureau, [American Community Survey](#), 2014.

³ Pew Hispanic Center, [Unauthorized Immigrants in the U.S., 2012](#), November 2014.

⁴ Pew Research Center, [Immigrants in Western States Most Likely to Benefit from Obama's Executive Action](#), November 2014. The implementation of this order is currently on hold, pending the outcome of a federal court case.

⁵ Center for American Progress, [State-by-State Analysis of the Impact of DACA, DAPA, and DACA Expansion](#), June 2015. The 2012 executive action created the DACA program.

⁶ Center for American Progress, [The Economic Effects of Granting Legal Status and Citizenship to Undocumented Immigrants](#), March 2013.

⁷ Fiscal Policy Institute, [President's Immigration Action Expected to Benefit Economy](#), November 2014.

⁸ Institute on Taxation and Economic Policy, [Undocumented Immigrants' State and Local Tax Contributions](#), April 2015.

⁹ This figure includes the effect of Obama's 2012 and 2014 executive actions.

¹⁰ Minnesota Office of Higher Education, [Minnesota Dream Act Fact Sheet](#), May 2013. Undocumented students are eligible if they: attend a Minnesota high school for three years and graduate or earn a GED in Minnesota, comply with Selective Service registration requirements, and show that they have applied for lawful immigration status (only if a federal process exists, which is not currently the case).