

ECONOMIC IMPACT OF IMMIGRATION

*what does **REMI** say? sm*

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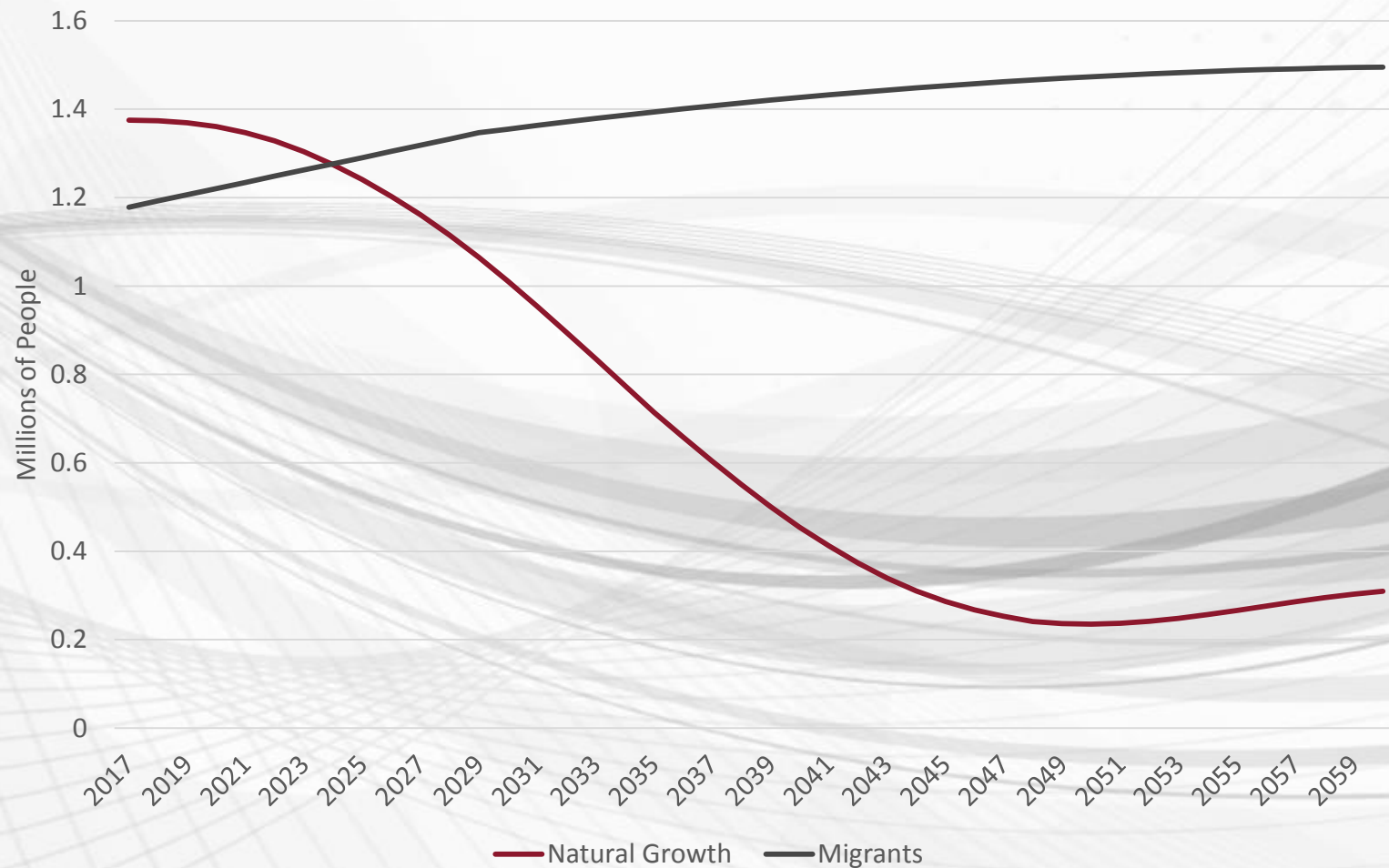
1. **Hypothetical Scenario: Zero Immigration Simulation**
2. **Business Roundtable Study: Balanced Reform vs. Enforcement Only**

Hypothetical Scenario: Zero Immigration



- Population baseline forecasts reflect three components
 - ▣ Current population
 - ▣ Natural growth
 - ▣ Migration
- Then, we zero out migration to produce alternate estimates for population, employment, labor force, and disposable income to evaluate no-net immigration scenario

Baseline Natural Growth and Migrants (Levels)



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Hypothetical Counterfactual: Net Migration



100% Decrease in Migration

Alphabetical

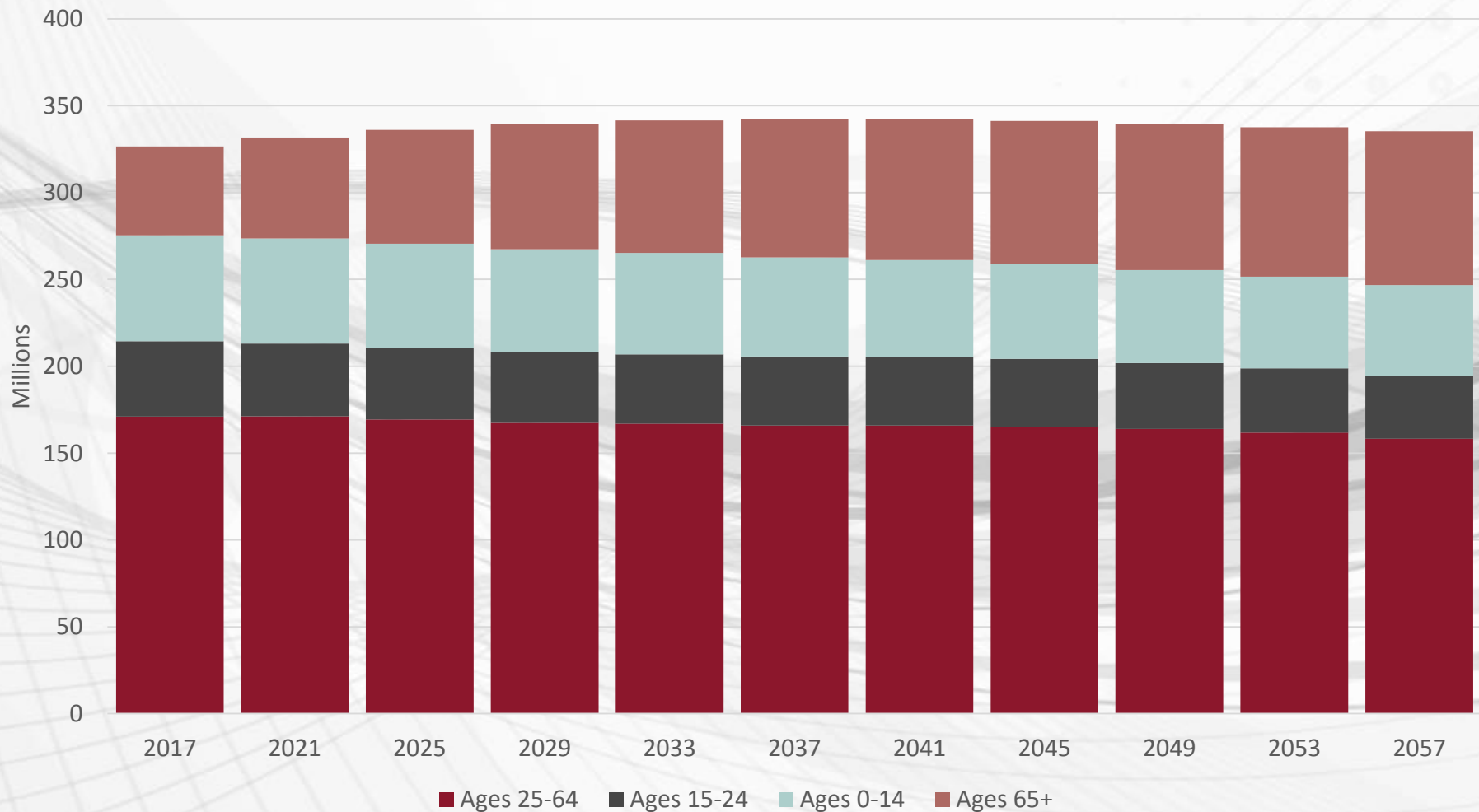
Name: 100% Decrease in Migration

Variables Edit Values Add to Inputs Calculator Spreader Scenario Info Cancel

	Category	Detail	Units	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
← X	International Migration	Both Genders, All Races, All Ages	Percent	0	0	-100	-100	-100	-100	-100	-100	-100	-100	-100	-10

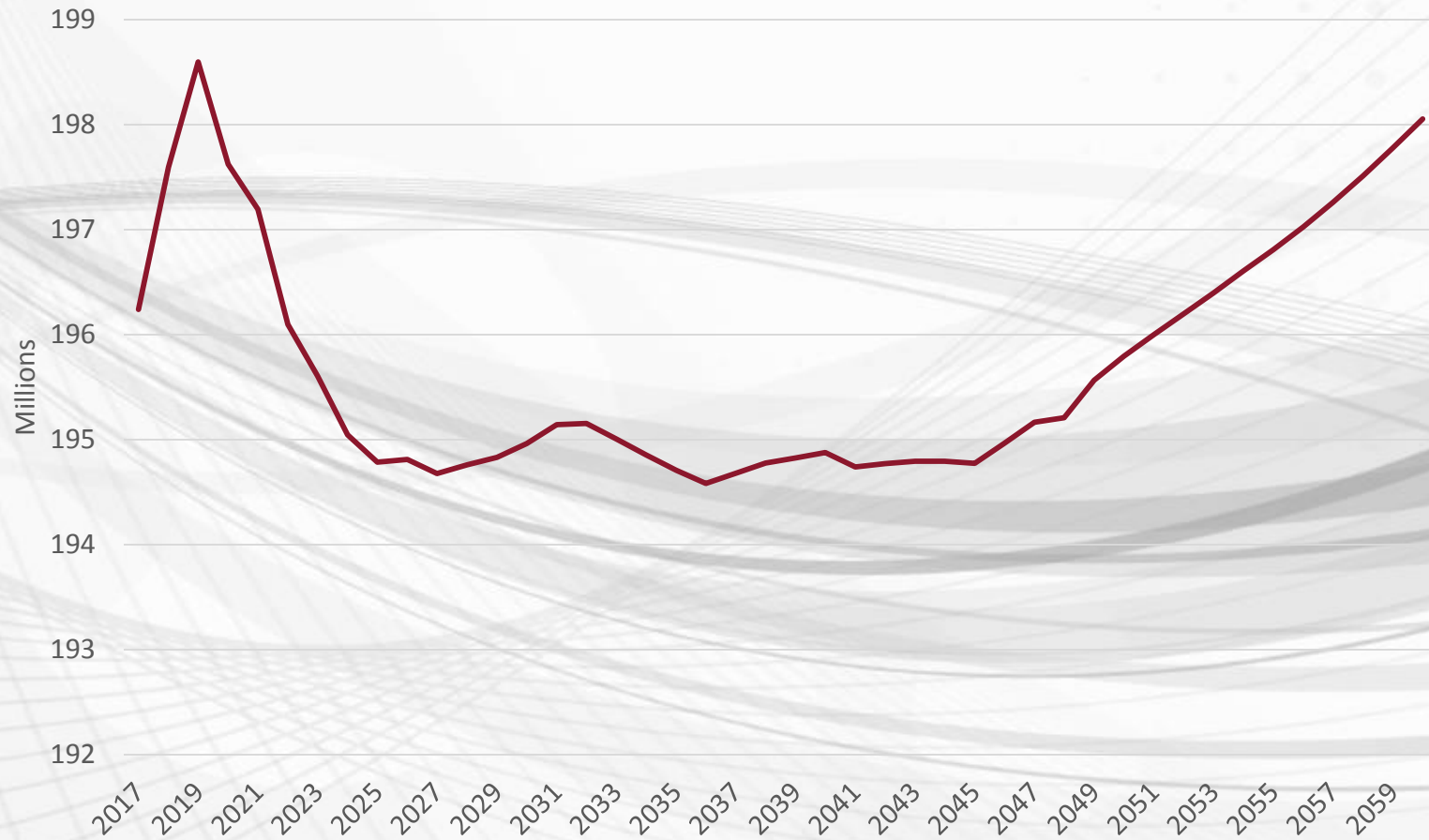
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Population Level (Zero Immigration)



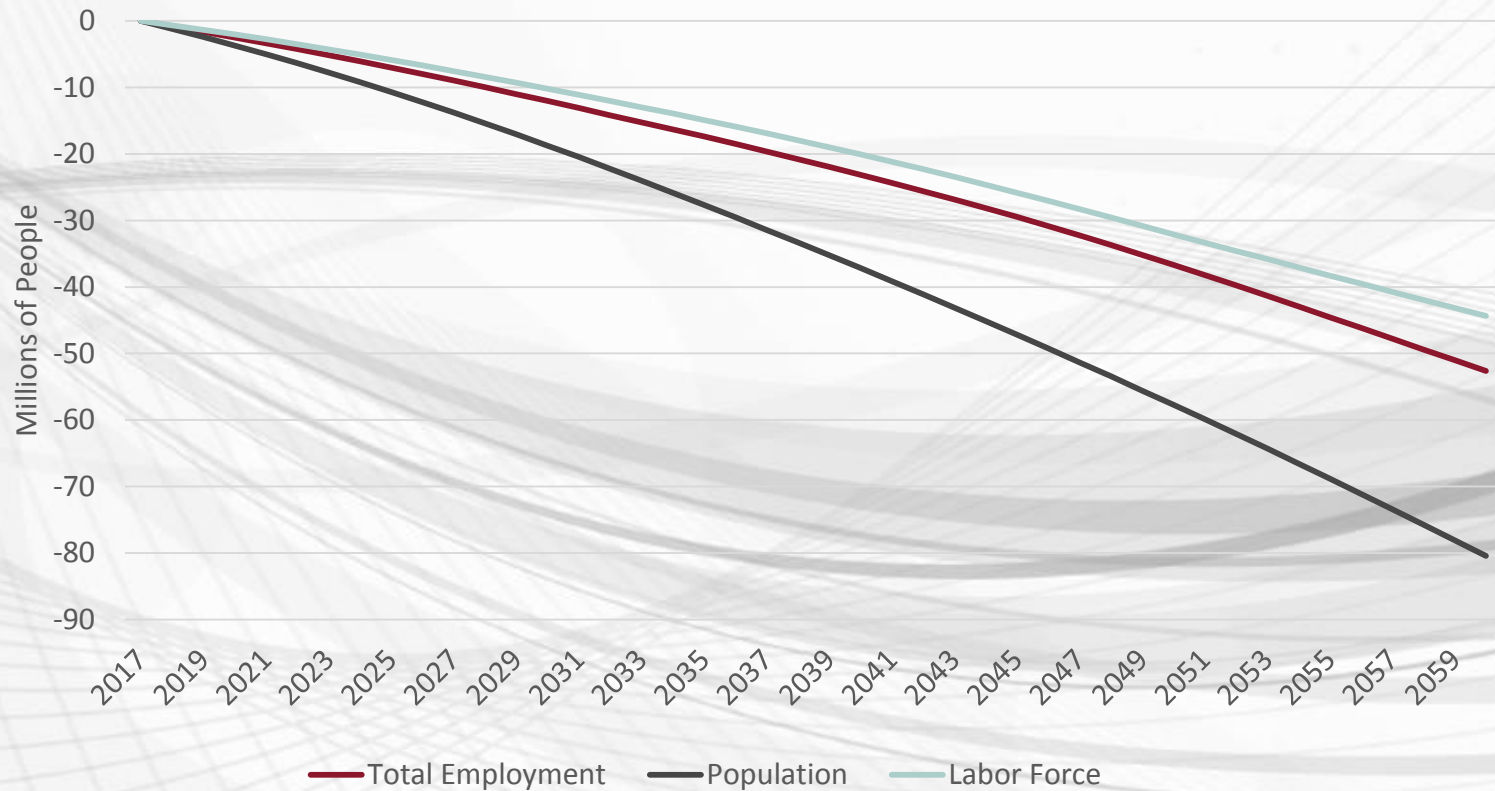
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Total Employment Level (Zero Immigration)

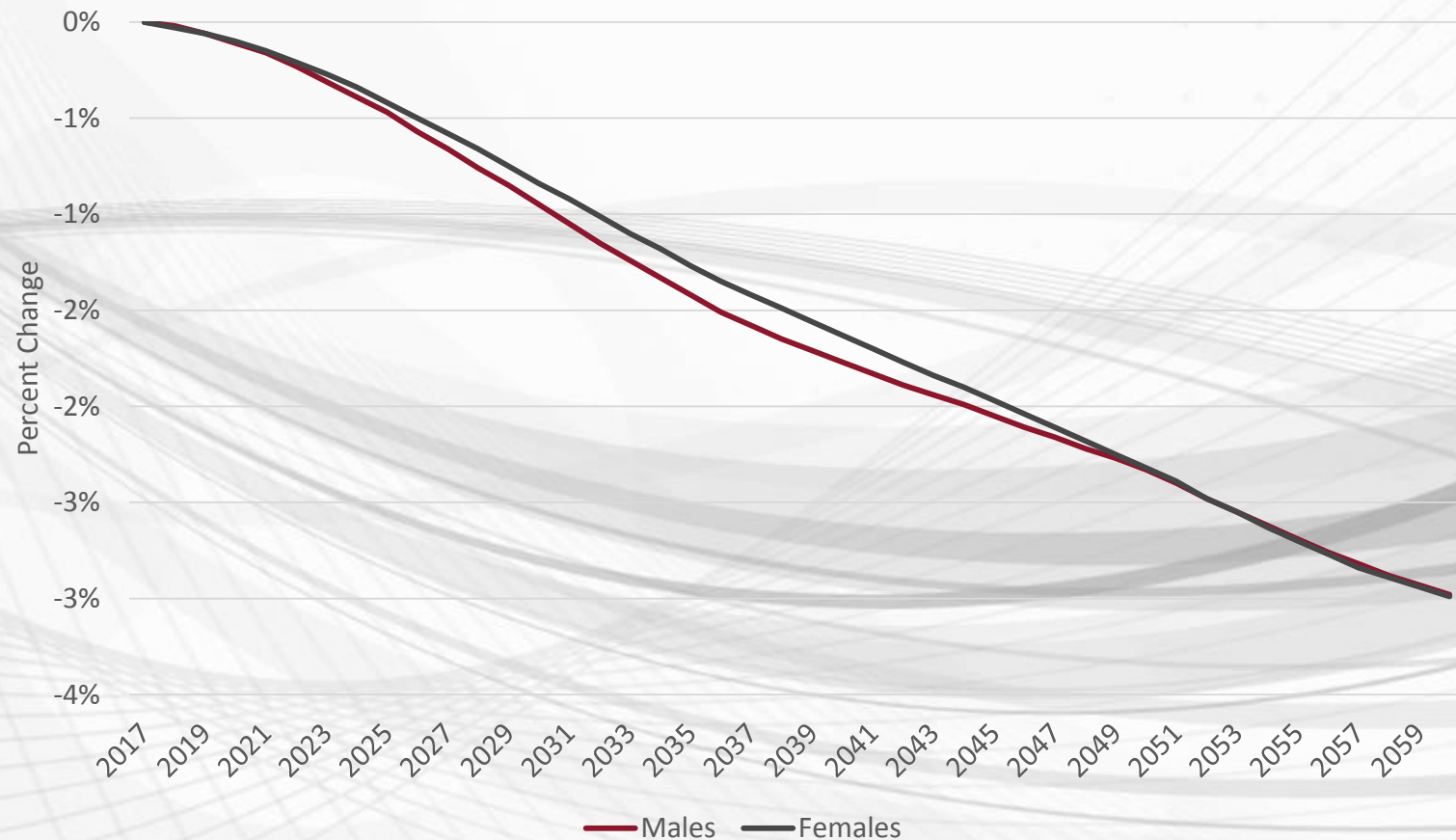


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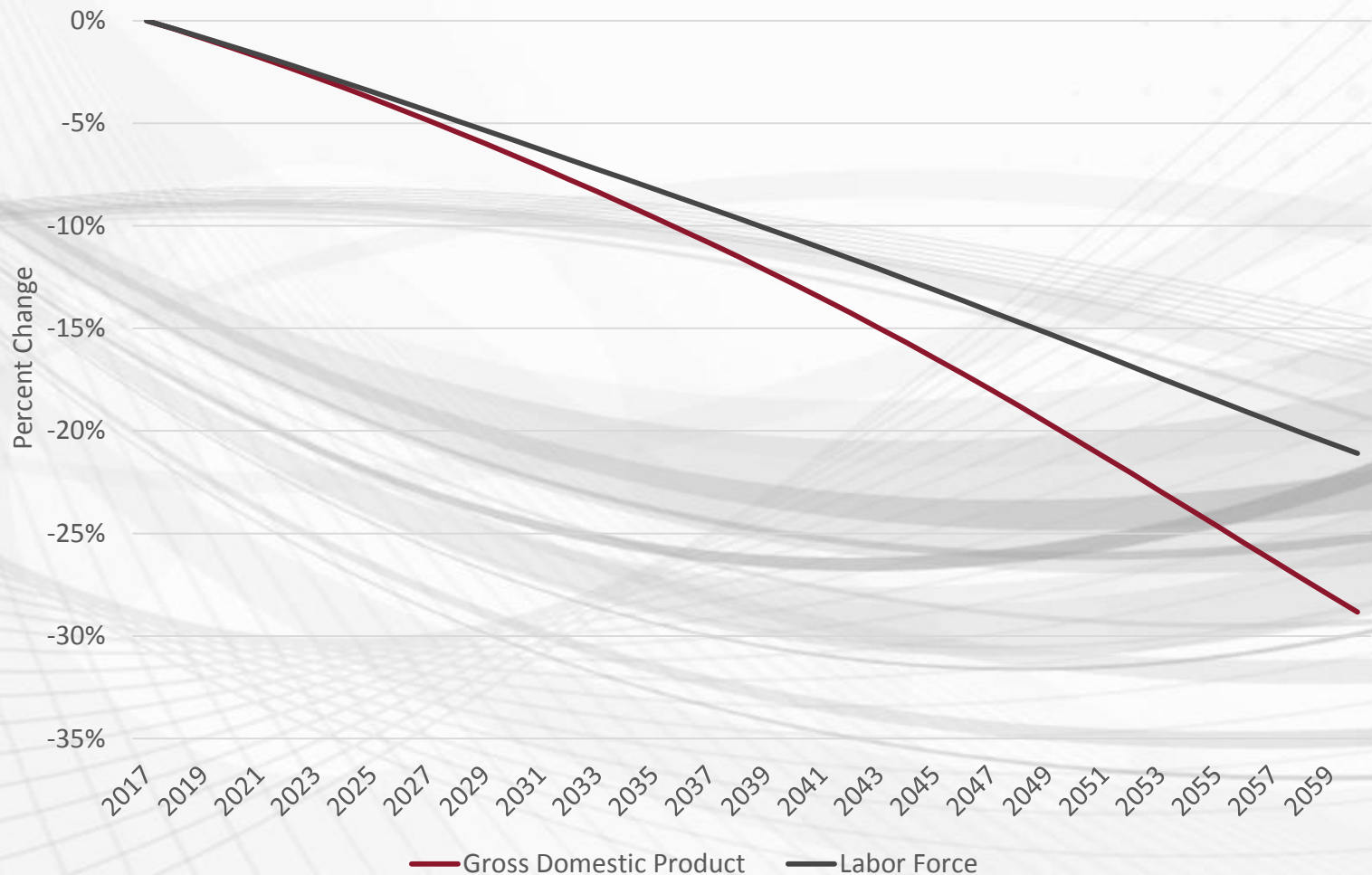
Employment, Labor Force, Population Differences from Baseline (Zero Immigration)



Labor Participation Rate % Change (Zero Immigration)

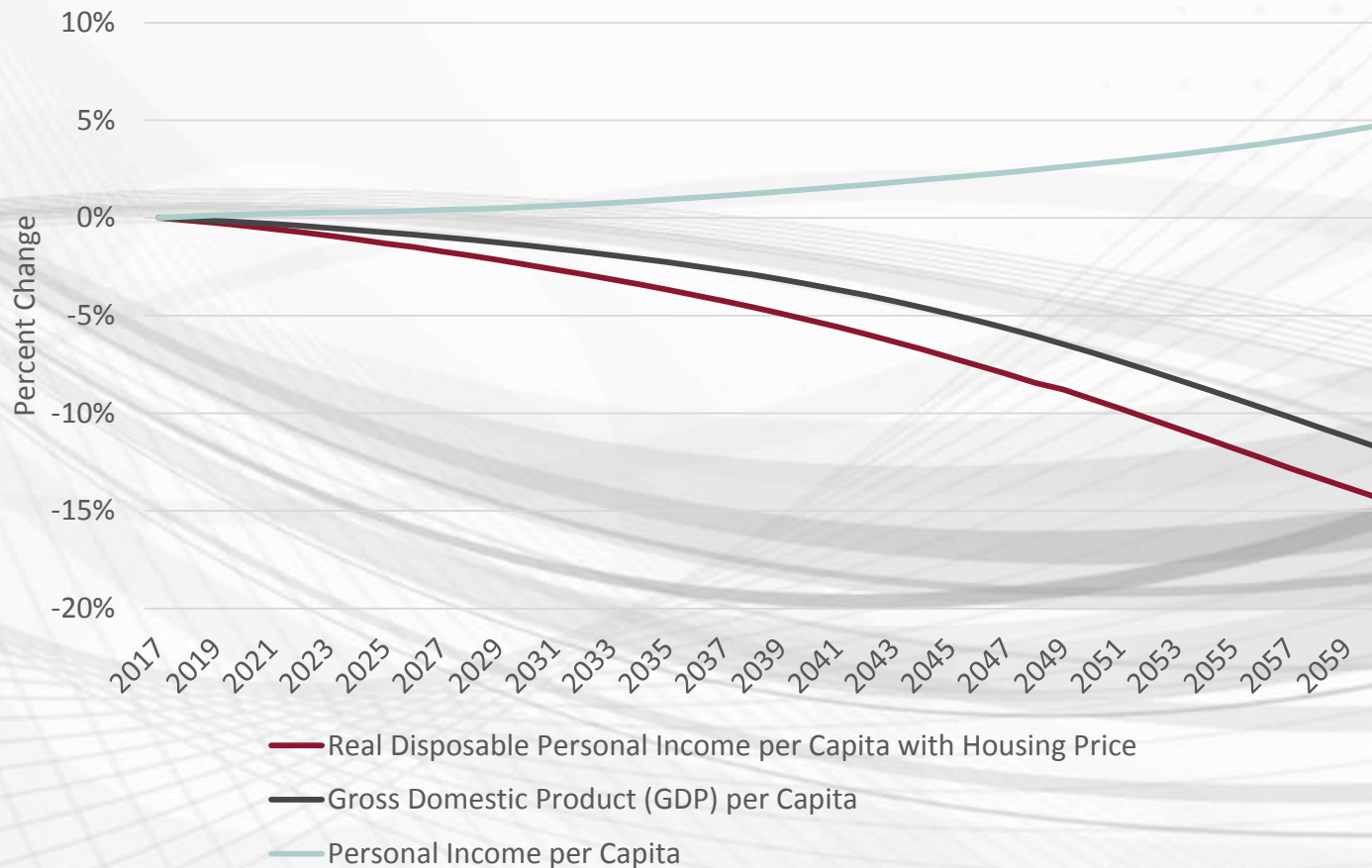


GDP & Labor Force Changes (Zero Immigration, % Difference from Baseline)



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Real Disposable per Capita Income, GDP, and Personal Income Difference from Baseline (Zero Immigration)

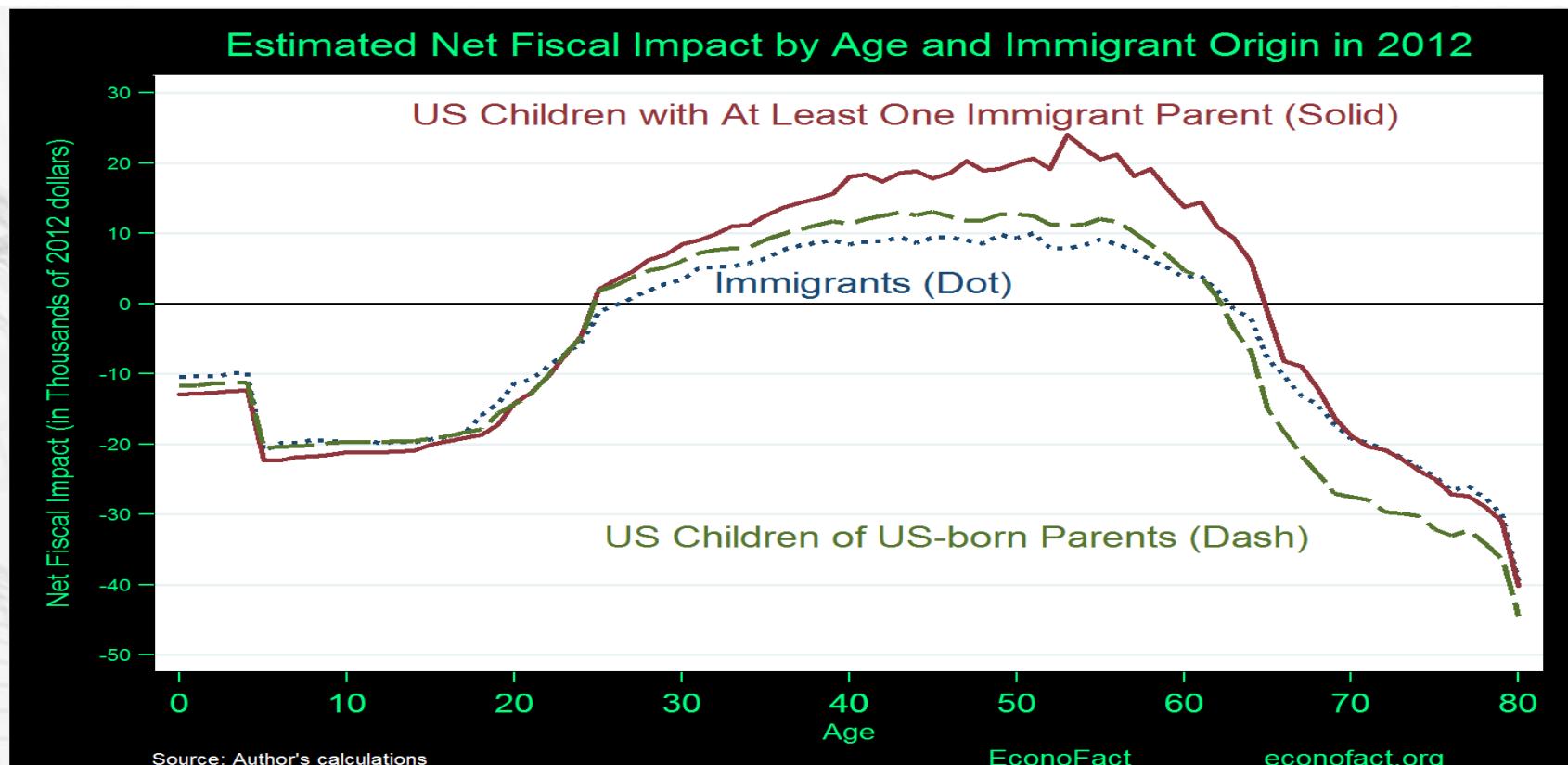


Fiscal Analysis



- Static Analysis/Partial Equilibrium Analysis Looks at Tax Revenues minus Government Expenditures of individual
- Dynamic Analysis/General Equilibrium Analysis looks at total macroeconomic effect of immigration, from which one could then calculate fiscal effect

Static Fiscal Analysis: “At any given point in time, the biggest determinant of net fiscal impact (taxes paid less benefits received) for any individual is their age.”



Source: Blau, Donehower. <http://econofact.org/do-immigrants-cost-native-born-taxpayers-money>

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Dynamic/General Equilibrium Fiscal Analysis



Macroeconomic

- Labor supply of immigrants
- Demand for housing, consumer goods, government
- Fiscal contribution of total macroeconomy

Immigration counterfactual suggests that reduction in immigration lowers GDP per Capita, this suggests that fiscal potential of the U.S. is reduced with less immigration

Business Roundtable Study



- “Economic Effects of Immigration Policies”
 - ▣ Balanced reform
 - ▣ Enforcement-only reform
- Balanced Reform scenario is based on the pre-2016 election political context

Scenarios



BALANCED REFORM

- ❑ Improved Border Security and Enforcement
- ❑ Temporary High-Skilled Workers (H-1B Reform)
- ❑ Green Card Reform
- ❑ Temporary Agricultural workers (H-2A Reform)
- ❑ Temporary Nonagricultural Lesser-Skilled Workers (H-2C Creation)
- ❑ Pathway to Legal Status

ENFORCEMENT ONLY

- ❑ Aggressive Border Security and Enforcement
- ❑ Deportation and Voluntary Departure

Balanced Reform: Improved Border Security



From S.744:

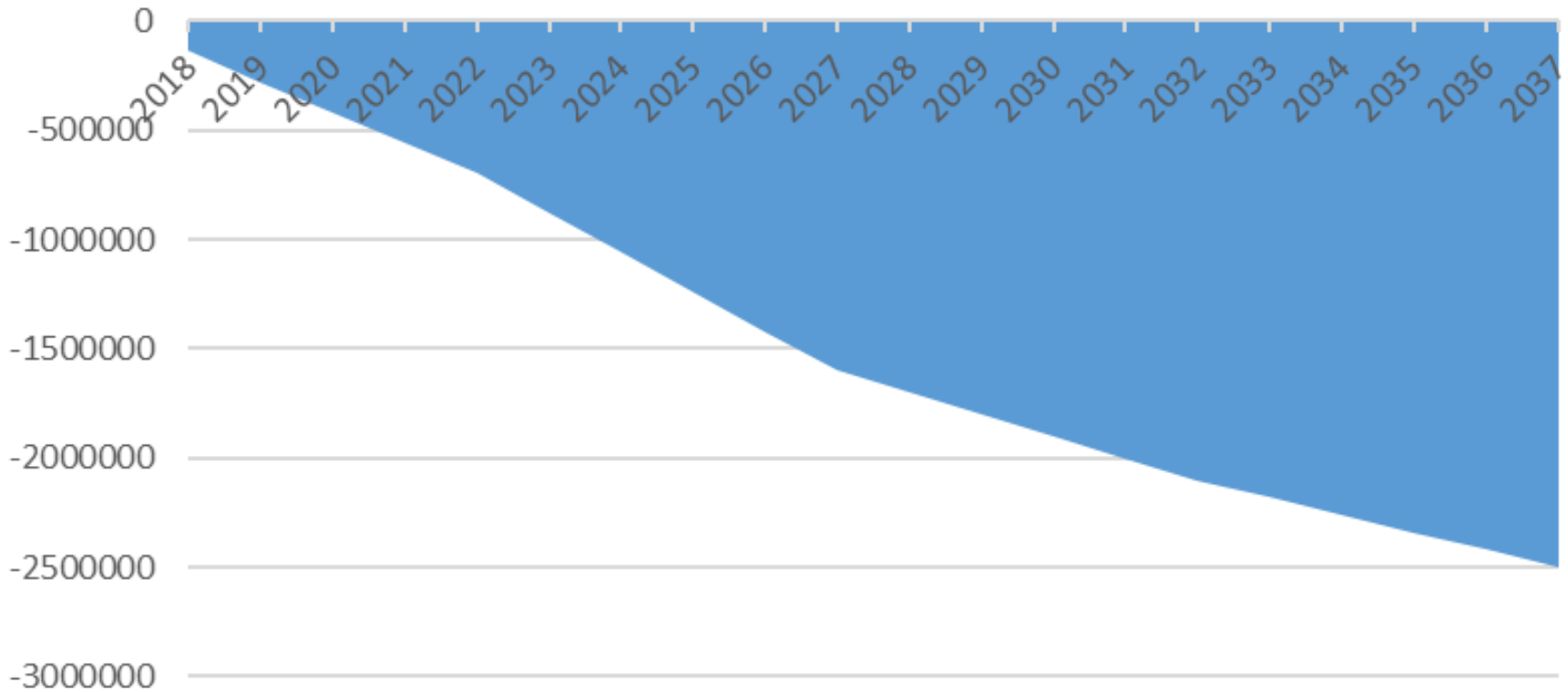
- ▣ Secure southern border, fencing strategy
- ▣ Mandatory e-Verify
- ▣ Electronic entry/exit

Collectively, assumed to reduce illegal immigration
by 25%

Balanced Enforcement



Enforcement Schedule



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Balanced Reform: Temporary High-Skilled (H1-B)

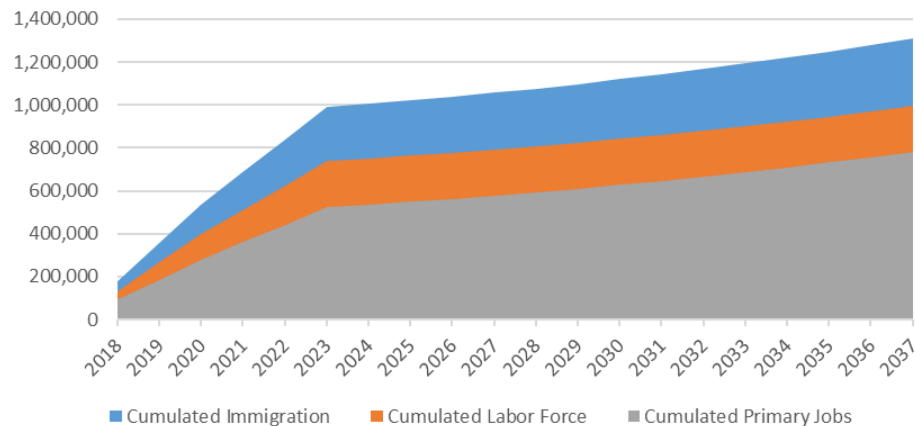


- Raise cap on H-1B Visas (from 65,000 to 155,000)
- Foreign-born, advanced degree STEM graduates exempt from cap (from 25K in 2018 to 108K in 2037)
- Net addition of 1.3 million to 2037
- Based on “I-Squared” Legislation
- Policy Variables: International migration by gender, ethnicity, age group, state and year
- Industry employment by industry, state, year
- Property income and transfer payment by state, year

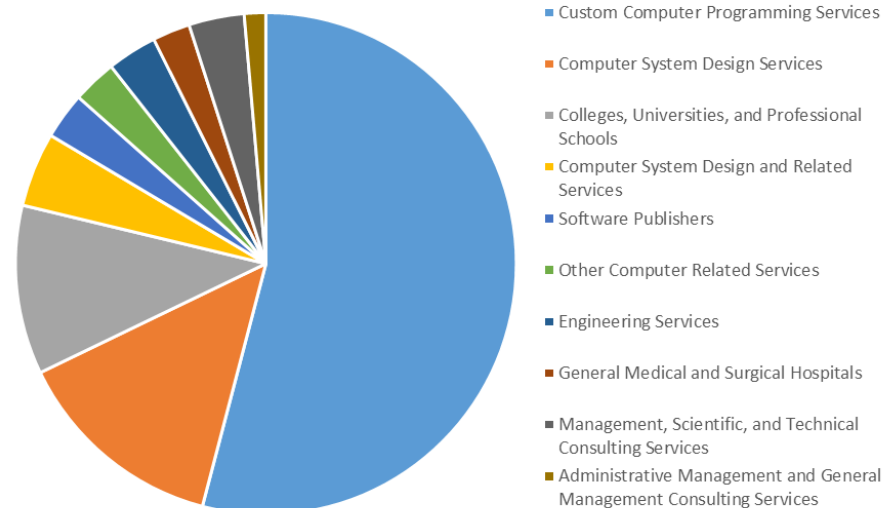
H-1B & Green Cards



Job Increase Compared to Labor Force and Population Increase



Top 10 industries with H-1B workers



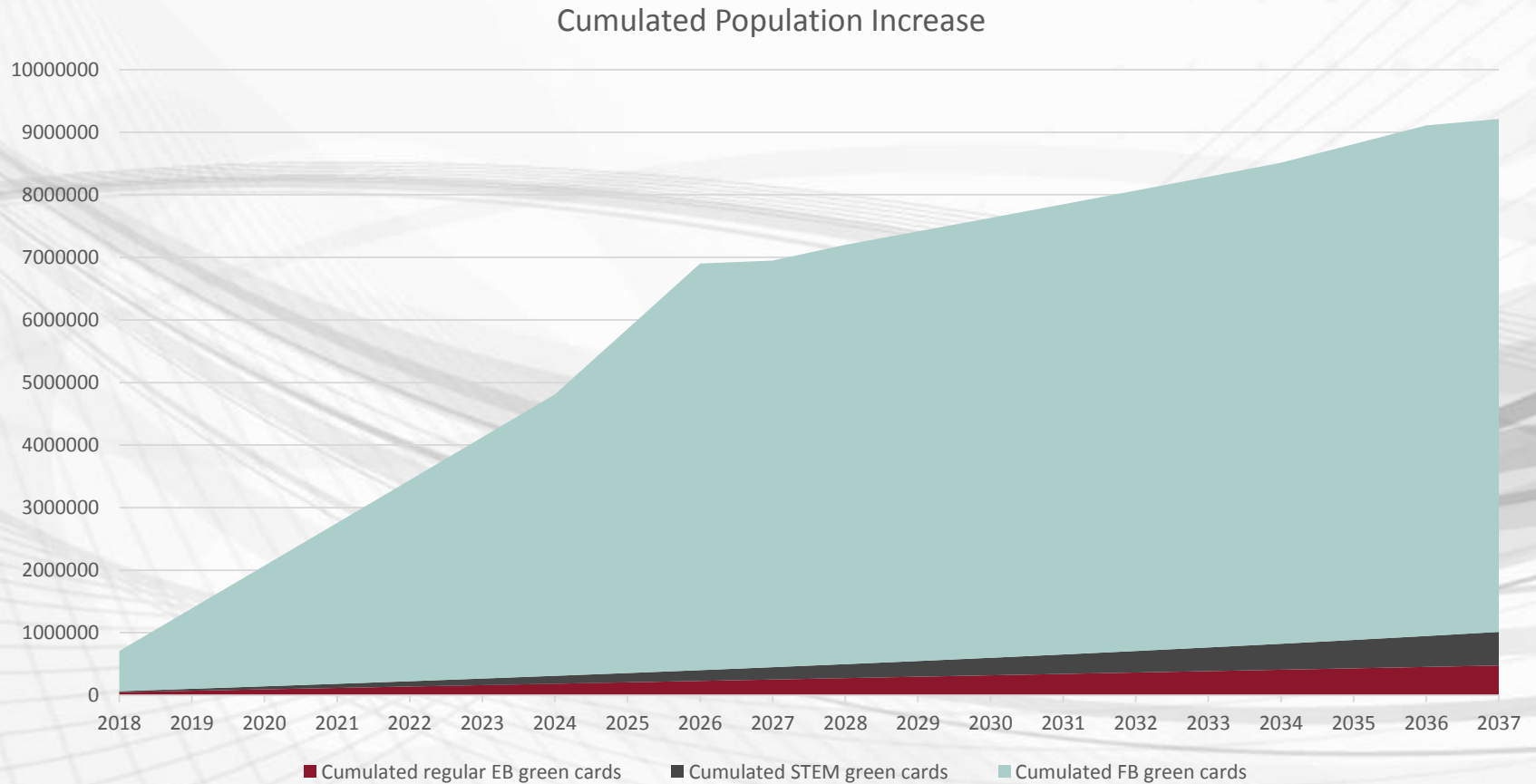
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Green Card Reform



- ❑ Recapture of unused green cards
- ❑ From I-Squared Act exempts spouses and children from Green Card Cap, adds 85,000 dependents per year
- ❑ STEM graduates exempt from cap, we assume 20% of 76,000 graduates obtain sponsorship.
- ❑ 4,500,000 family-based Green Card backlog is cleared over 2018-2024; then new backlog of 1 million cleared during 2025-26.

Population Increase-Green Card Reform



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H-2A, H-2C



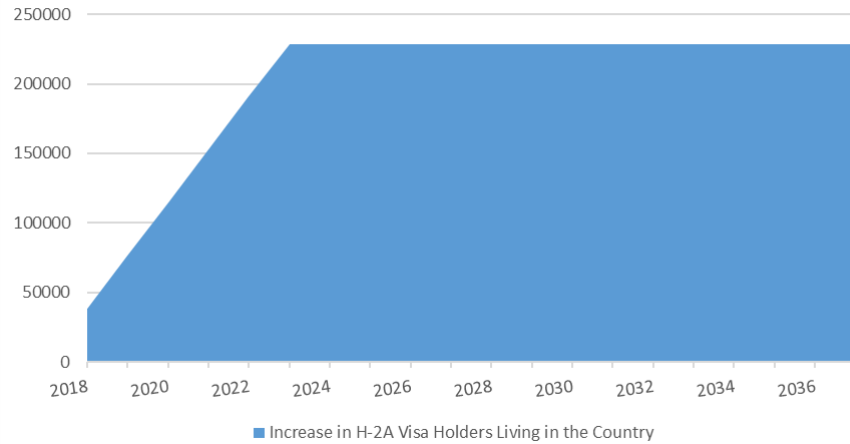
- Temporary Agricultural Workers (H-2A),
- Temporary Non-Ag Lesser Skilled (H-2C)
- Some increases in each category

- New Farm Employment, some “crowding out” (20%)
- Increase non-farm jobs, some “crowding out” (20%)

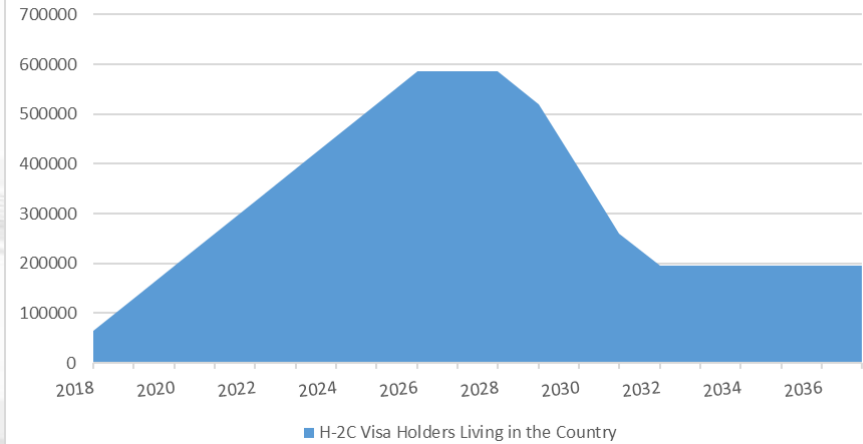
H-2A & H-2C



Increase in H-2A Visa Holders Living in the Country



H-2C Visa Holders Living in the Country



- H-2C workers distributed to the following industries (BEA):

- ▣ Construction
- ▣ Retail trade
- ▣ Administrative and support
- ▣ Waste management

- ▣ Accommodation
- ▣ Food services and drinking places
- ▣ Repair and maintenance
- ▣ Personal and laundry services
- ▣ Private households

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Pathway to Legal Status

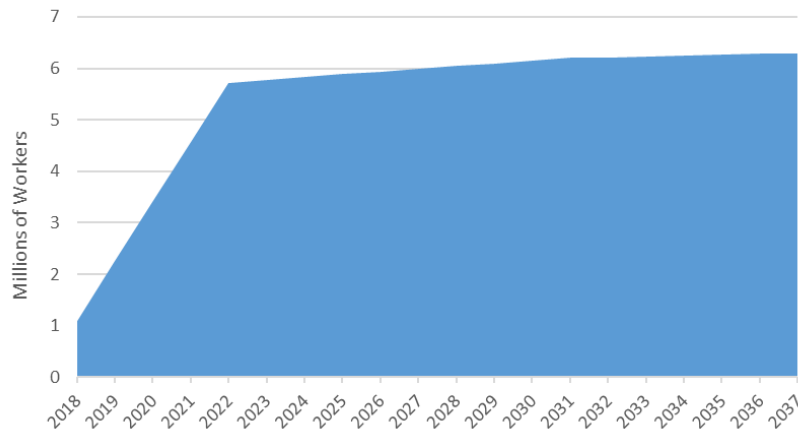


- 8 Million unauthorized residents would attain legal status within 5 years of S.744
- 15% increase in real wages over 5 years, based on Dept. of Labor study of 1.6 million after 1986 reform
- 80% of wage gains higher productivity (marginal revenue productivity theory of wages), 20% transfer from employers to employees

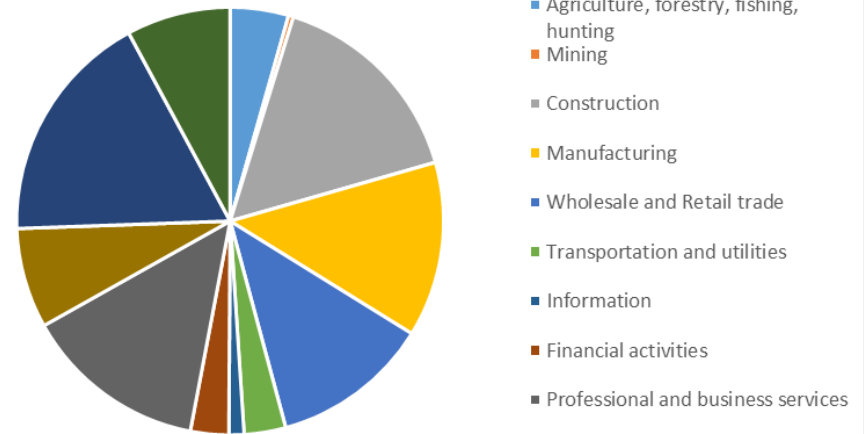
Pathway to Legal Status



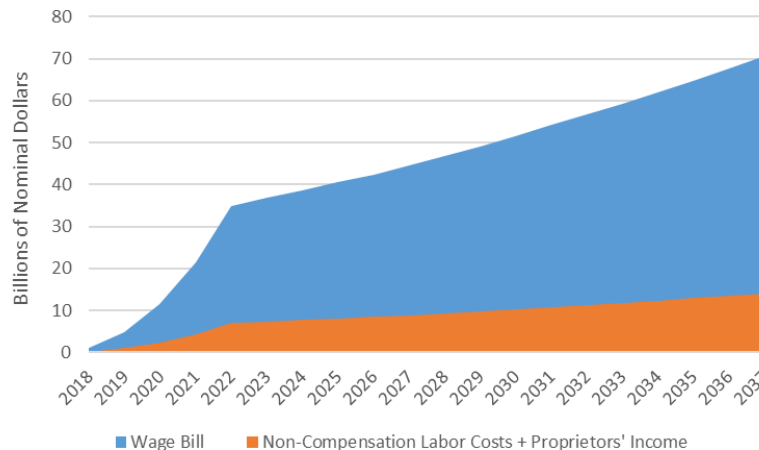
Total (National) Number of Workers with Attained Legal Status



Unauthorized Immigrant Workers by Industry



Total (National) Wage Bill Increase



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Enforcement Only



- One million deportations per year 2018-2021 (compared with about 500,000 per year under Obama) [note: deportations about 200K fiscal 2017 vs. 240K fiscal 2016; but YTY apprehensions down 24%]
- Additional 500,000 removed each of the next eight years (2022-29)
- Total -8 million; 3 million assumed to remain.
- Additional enforcement prevents unauthorized entry, - 2.1 million after 5 years, -4.8 after 10, -6.3 after 15, - 7.5 million after 20 years.

Policy Variables

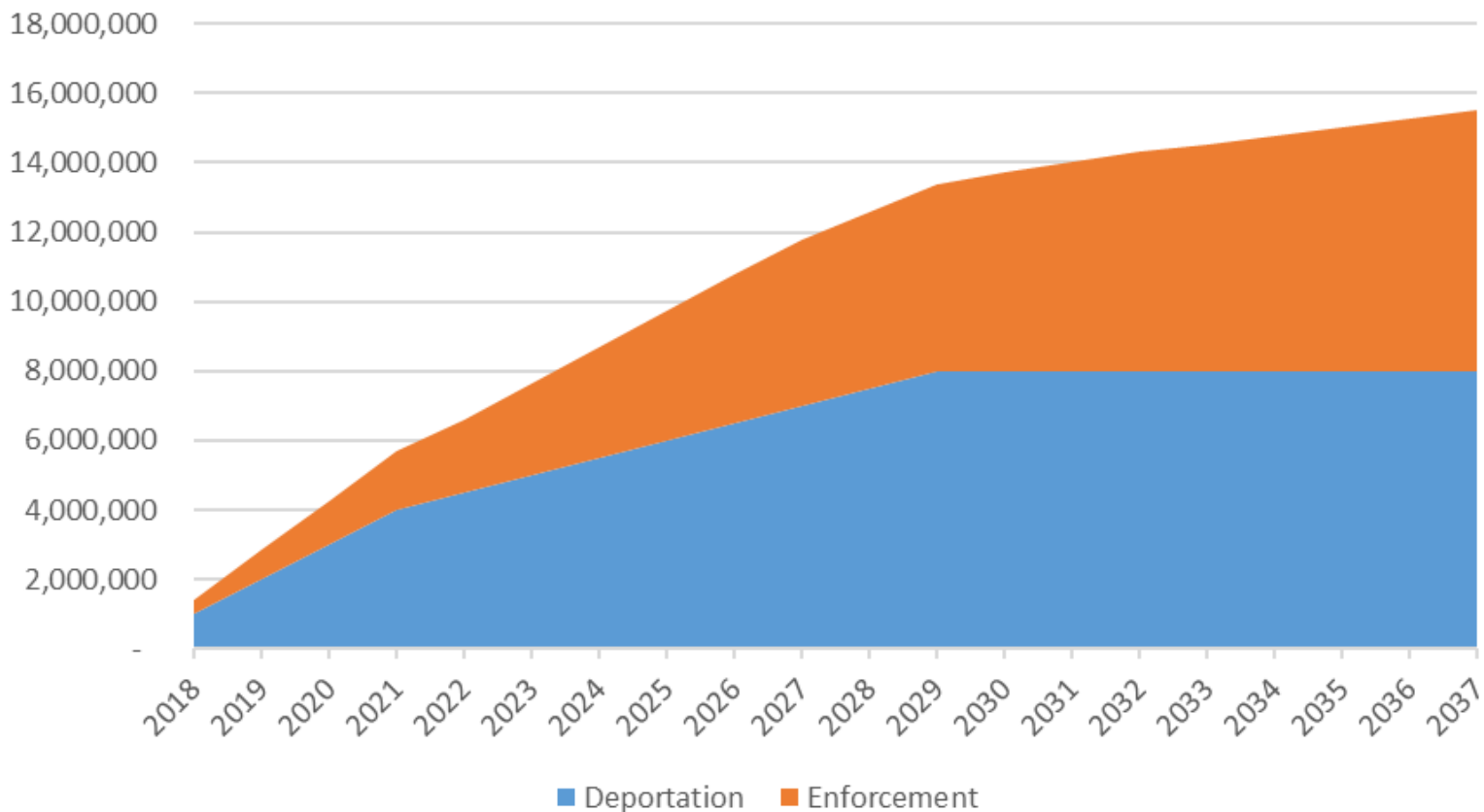


- International migration, by gender, ethnicity, age group, state, year
- Industry employment, by industry, by state, by year
- Property income, by state, by year
- Transfer payments, by state, by year

Enforcement Only



Deportation and Enforcement Schedule



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Impacts (2018-2027)



- Balanced reform estimates:
 - ▣ Expands Gross Domestic Product by 3.9%
 - ▣ Creates 8.4 million new jobs
 - ▣ Raises inflation-adjusted incomes of all Americans by 2.3%

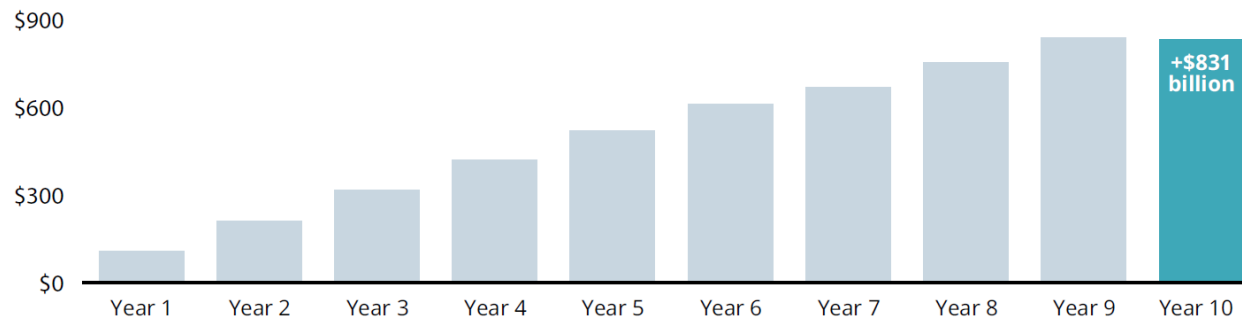
- Enforcement only estimates
 - ▣ Reduce GDP by 3%, relative to baseline
 - ▣ Eliminate 6.9 million jobs
 - ▣ Lower inflation-adjusted incomes by 1.3%

National GDP Effects



Figure 2: Projected Increase in GDP from 2018 to 2027 under Balanced Reform Scenario*

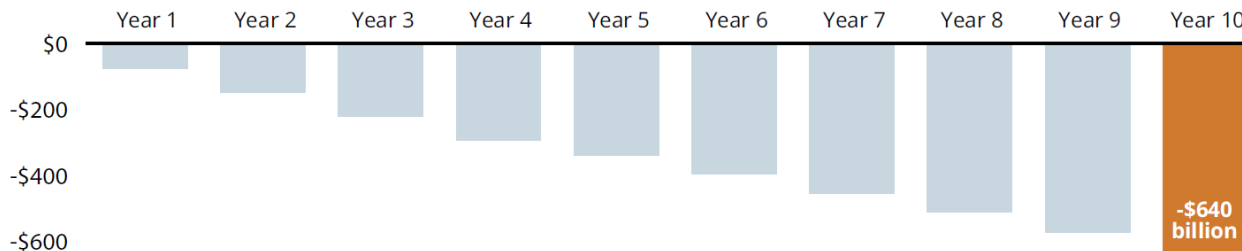
Billions USD Gained



*Relative to baseline case.

Figure 3: Projected Decline in GDP from 2018 to 2027 under Enforcement Only Scenario*

Billions USD Lost



*Relative to baseline case.

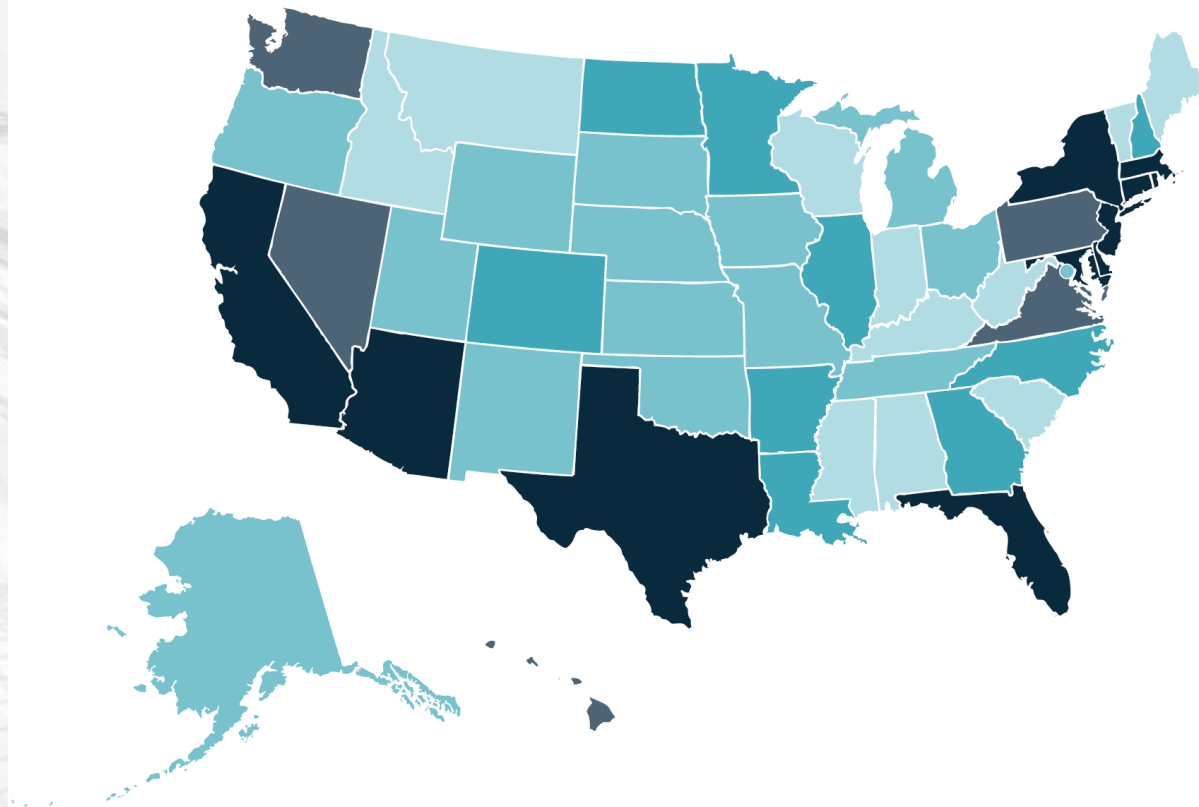
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State GDP Effects



Figure 4: 10-Year GDP Gains under Balanced Reform Scenario*

2.01% to 2.50% 2.51% to 3.00% 3.01% to 3.50% 3.51% to 4.00% Above 4.01%



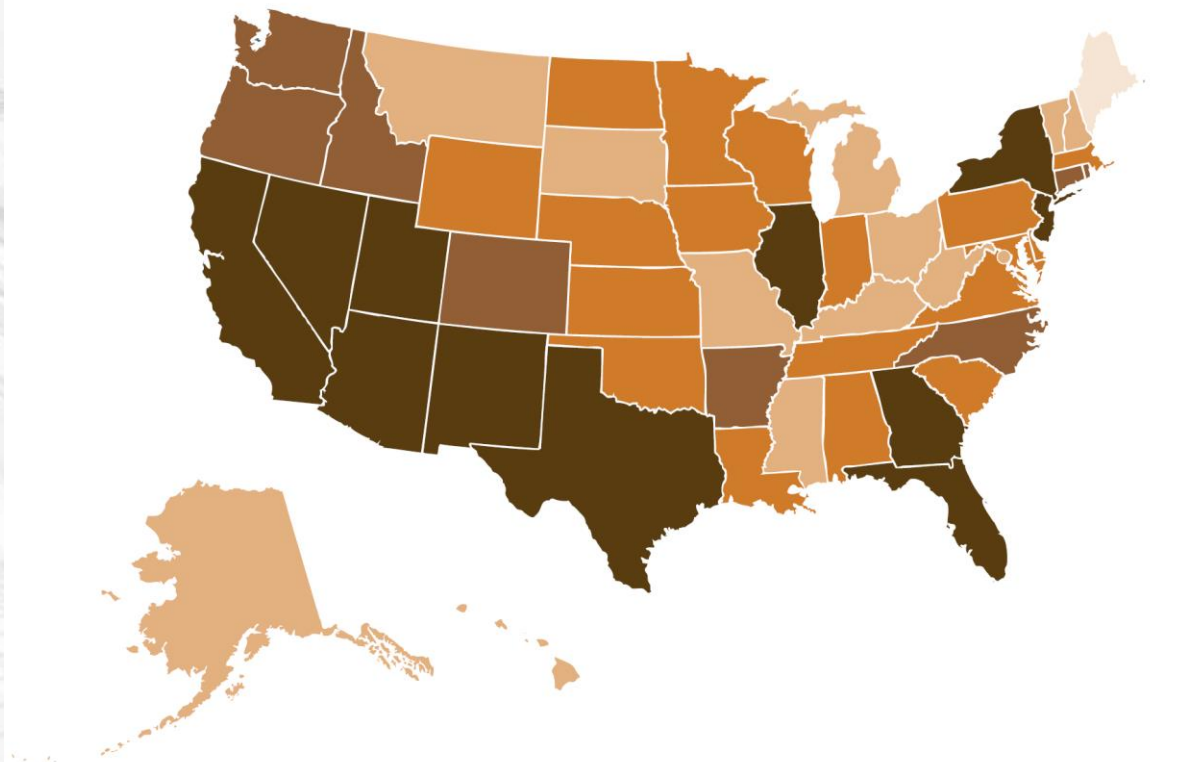
*Relative to baseline case. Excludes GDP gains associated with farm and agricultural support employment.

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State GDP Effects

Figure 7: 10-Year GDP Losses under Enforcement Only Scenario*

■ -1.01% to -1.50% ■ -1.51% to -2.00% ■ -2.01% to -2.50% ■ -2.51% to -3.00% ■ Below -3.01%



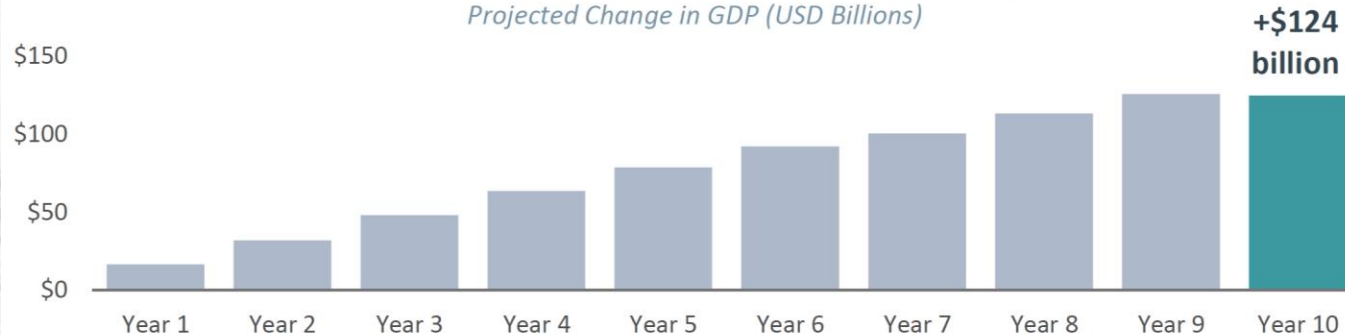
*Relative to baseline case.

CA GDP & Employment Effects



The Impact on California's Economy

Projected Change in GDP (USD Billions)



Source: REMI, Inc.

Industries with Largest Job Gains

1,163,345

**Jobs Created
Statewide
Over the
Next 10 Years**



Source: REMI, Inc.

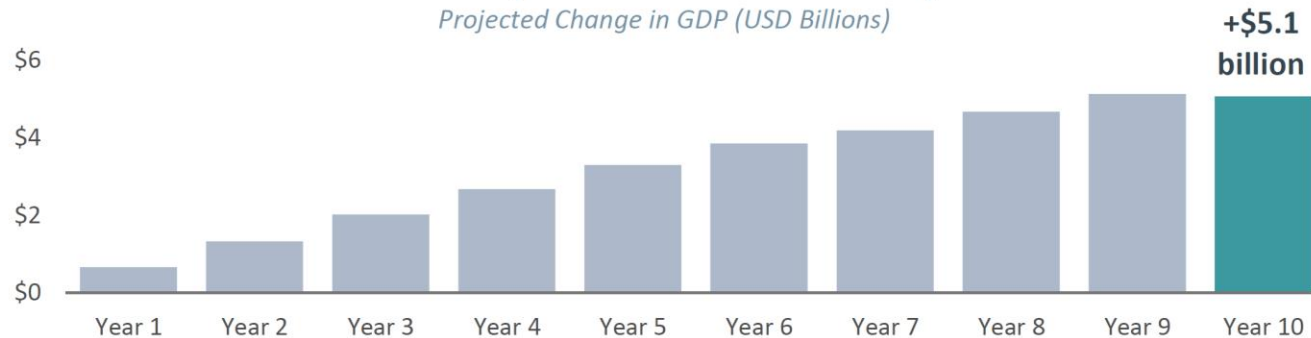
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IA GDP & Employment Effects



The Impact on Iowa's Economy

Projected Change in GDP (USD Billions)

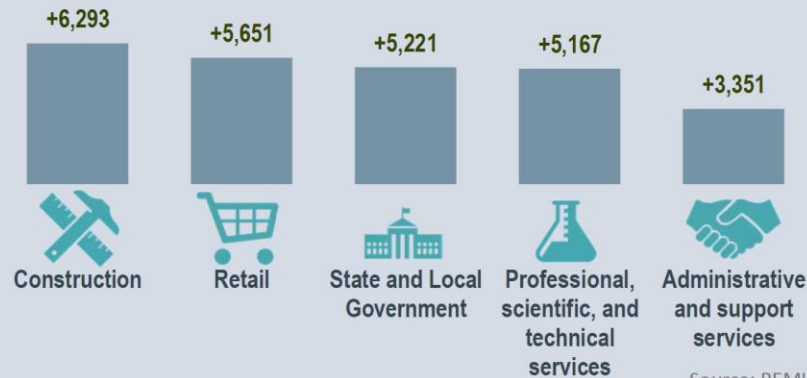


Source: REMI, Inc.

Industries with Largest Job Gains

56,558

**Jobs Created
Statewide
Over the
Next 10 Years**



Source: REMI, Inc.

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Conclusion



- Long-term U.S. Economic Growth Forecasts are generally based on immigration status quo. (e.g. CBO potential GDP at 1.9% with 0.4% labor force growth, [March 2017])
- Policy Change with Immigration has significant GDP implications
- ***Business Roundtable Report available:***
[Businessroundtable.org/economic-effects-immigration](https://www.businessroundtable.org/economic-effects-immigration)