



AMERICAN ENTERPRISE INSTITUTE FOR PUBLIC POLICY RESEARCH
AND THE
PARTNERSHIP FOR A NEW AMERICAN ECONOMY

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**GROUNDBREAKING STUDY FROM THE AMERICAN ENTERPRISE INSTITUTE
AND THE PARTNERSHIP FOR A NEW AMERICAN ECONOMY FINDS
IMMIGRATION CREATES JOBS FOR U.S. WORKERS**

*For Every 100 Foreign-Born “STEM” Workers with Advanced Degrees from U.S. Universities,
Analysis Shows that an Additional 262 U.S. Workers Have Jobs*

Data Point to Legislative Proposals that Would Boost U.S. Employment

The American Enterprise Institute (AEI) and the Partnership for a New American Economy today released a report analyzing the impact of immigration on the American economy. The nationwide study, based on a multi-year statistical analysis, offers new evidence that immigrants create jobs for American workers, and that immigrants with specific skill types do not compete with native workers, but complement them and improve their employment outlook. At the release of the study at AEI’s headquarters in Washington, D.C., Congressman Tim Griffin (R-AR), a member of the House Judiciary Committee, called the report important evidence for reforming immigration policy with a focus on skilled immigrants. During a discussion led by AEI fellow Nick Schulz, Sudhakar Shenoy, the Indian-born, U.S.-educated CEO of technology-consulting firm IMC, Inc. spoke about the link between immigration and jobs.

The report – “Immigrants and American Jobs,” by economist and professor Madeleine Zavodny – analyzes the relationship between the foreign-born workforce and the employment rate for native U.S. workers. The report focuses on two groups often seen by policymakers and employers as critical to the economy: foreign-born adults with advanced degrees and foreign workers here on temporary-employment visas. In both cases, the analysis shows that more foreign-born workers means more jobs for U.S. natives – as many as 262 more native-born workers employed for every 100 foreign-born workers with advanced U.S. degrees who work in science, technology, engineering, or math (“STEM”) fields. The report also looks at the fiscal impact of the foreign-born and finds that, on average, all immigrants pay more in taxes than they receive in benefits, particularly for highly educated immigrants. Together, the data shows that policy reforms designed to accommodate more of these categories of immigrants would boost employment, while making a positive contribution to government budgets. The report is available at www.RenewOurEconomy.org/aeireport.

(more)

“At a time when job creation should be our highest priority, the study released today casts light on some of the greatest potential areas for growth, at no cost to taxpayers,” said New York City Mayor Michael R. Bloomberg, co-chair of the Partnership for a New American Economy. “It’s time for Washington to restart the conversation on immigration reform – and to center it on our economic needs.”

“We have a shortage of STEM graduates with advanced degrees here in the United States, which hinders American job creators’ ability to grow their businesses and hire additional employees,” said Congressman Griffin. “Many highly skilled immigrants study in the U.S. but are forced to return home after graduation, where they work to strengthen their home nation’s economy to compete against ours. I am working on legislation that will change the system so that we can keep the best and the brightest, which will strengthen our economy and create jobs here in America.”

“Research shows skilled immigrants complement American workers and bolster the American workforce,” said Nick Schulz, DeWitt Wallace Fellow at AEI and a commentator on immigration and the economy. “The result is higher productivity and capital investment. Skilled immigrants are a net plus for the U.S. economy.”

“This report adds important evidence to the case that economists have been making for years: that identifiable categories of immigrants unquestionably give a lift to native employment,” said Madeleine Zavodny, economics professor at Agnes Scott College and author of the report for AEI and the Partnership. “But I hope it’s not just economists who take note – the study offers insight for legislators who need to know what’s at stake in immigration policy.”

To identify the employment effect of immigration, the study analyzes annual data going back to the year 2000 from the U.S. Census Bureau and from applications for temporary-worker visas – to ask whether having a higher share of foreign-born workers in a given state increases or decreases the employment rate among U.S. natives there. This approach permits an analysis that identifies the employment effects of specific categories of foreign-born workers, as well as the aggregate effect of all immigration. The analysis controls for key variables, especially the possibility that immigrants might be disproportionately attracted to areas that have strong economies (and therefore higher native employment rates), a factor that might otherwise make the results misleadingly positive.

One of the definitive findings is that immigrants with advanced degrees boost employment for native U.S. workers. This effect goes beyond just the 2.62 jobs for every STEM worker with an advanced degree from U.S. universities: An additional 100 immigrants with advanced degrees working in STEM fields – regardless of where they earned the degree – creates an additional 86 jobs for U.S. natives. And an additional 100 immigrants with advanced degrees – regardless of field or where they obtained their degrees – creates an additional 44 jobs for U.S. natives. Currently, there is no employment visa designed for students who earn advanced degrees in the U.S. after graduation, only a “training” program that allows them to work for a limited period. All of the analyses of foreign-born advanced-degree holders cover the period 2000 to 2007.

The report also shows clear job creation from foreign workers on temporary-employment visas: Adding 100 workers in the H-1B visa program for skilled workers – a program that exhausts its arbitrary numerical limitation each year, including this year – results in an additional 183 jobs among U.S. natives. Likewise, adding 100 workers in the H-2B program for less-skilled non-agricultural labor results in an additional 464 jobs for U.S. natives.

And looking at all foreign-born workers in the aggregate, the report’s analysis yields no evidence of any negative impact on U.S. employment – even under the current immigration system, which is not designed to maximize job creation. Finally, the study finds that highly educated immigrants pay far more in taxes than they receive in benefits. In 2009, the average foreign-born adult with an advanced degree paid over \$22,500 in federal, state, and Federal Insurance Contributions Act (FICA, or Social Security and Medicare) taxes, while their families received just \$2,300 in benefits, or just over one-tenth of their fiscal contribution. And, in fact, looking at all immigrants, the average adult paid \$7,826 in federal, state, and FICA taxes, while their families receive \$4,422 in cash and in-kind transfers from major government programs.

Based on the data, the report calls for specific legislative proposals that could create jobs for U.S. workers:

- Give priority for foreign workers who earn advanced degrees from U.S. universities, especially those who work in STEM fields.
- Increase the number of green cards (permanent visas) for highly educated workers.
- Make available more temporary visas for both skilled and less-skilled workers.

Today, only 15 percent of green cards are set aside for employment needs – and the real number is more like seven percent when you exclude a worker’s spouses and children.

About the American Enterprise Institute

The American Enterprise Institute, founded in 1943, is one of the nation's premier non-profit public policy research institutions. AEI is dedicated to preserving and strengthening the foundations of a free society: limited government, competitive private enterprise, vital political and cultural institutions and vigilant defense.

About the Partnership for a New American Economy

The Partnership for a New American Economy is a national bipartisan group of more than 400 business leaders and mayors who are making the case that smarter immigration laws would create jobs for Americans today. The Partnership’s members include mayors who represent more than 35 million residents in large and small cities across the country and business leaders who employ more than 4 million people in all sectors of the economy.

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