

EXECUTIVE SUMMARY

Report finds immigrant workers contribute significantly to economy and provides recommendations to support future contributions

THE REPORT IS DIVIDED into four primary sections:

- Immigrants in Washington State: From 1880 to the Present
- Washington's Immigrant Workforce
- Contributions of Immigrants to Washington's Economy
- Indispensable Workers.

The fifth section provides policy recommendations for Washington state to consider to increase contributions immigrants make to Washington's economy.

The key findings from each section are highlighted below.

IMMIGRANTS IN WASHINGTON STATE: FROM 1880 TO THE PRESENT

Washington's economic growth has always been fueled by the contributions of immigrant workers, more than many other states across the country. From 1900-1910, Washington's population grew by 120 percent, a growth rate significantly higher than the national average at that time. This demographic change was part of a strategic growth plan promulgated by Washington's governors, chambers of commerce, and businesses to draw immigrants to the state to build the infrastructure needed to create an economically thriving state.

Washington's rapid growth today is also fueled by an indispensable immigrant workforce that is diverse in ethnicity and geographically spread out across the state. A century later, immigrant workers are crucial to Washington's long-term economic success, in fields as diverse as agriculture, high-technology, and research. As in the early 20th century, Washington's demographic changes far outpace other states in the country. From 1990-2000, the number of foreign born in Washington increased by 97 percent, making the state tenth in number of foreign born, 15th in percent-

age of total population, and fifth for refugee resettlement.

Immigrants are integral to every county in Washington. While it used to be true that immigrants tended to be clustered in specific counties, this is no longer the case. The largest percentages of foreign born compared to total county population are in Franklin, Adams, King, Yakima, Grant, Douglas, Chelan and Snohomish counties, which all have higher percentages than the national average.

WASHINGTON'S IMMIGRANT WORKFORCE

Immigrant workers represent 14.3 percent of Washington's civilian workforce, and constitute a significant portion of the growth in Washington's labor force. From 1990-2000, the number of foreign born workers in Washington almost doubled. Younger immigrant workers help balance the decline in young native born workers, filling crucial jobs in construction, healthcare, hospitality, agriculture and research and engineering. Today, Washington state ranks 13th in the country in growth of foreign born labor force.

Immigrant workers in Washington constitute significant percentages of the workforce in a variety of industries. Immigrant workers make up 62.5 percent of farming, fishing and forestry workers (primarily Latin American); 19.5 percent of production, transportation and material moving workers (primarily Asian and Latin American); 19.1 percent of service workers (primarily Asian and Latin American); 11.5 percent of management professional workers (primarily Asian); and 9.8 percent of sales and office workers. Immigrant workers help Washington compete globally. The foreign workforce adds necessary skills and cultural understanding that helps Washington businesses extend into markets overseas. About 16.4 percent of people living in Washington speak two languages and the majority are foreign-born.

Many of Washington's immigrant workers are "underemployed," working in occupations where their college de-

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grees are not utilized. Washington's foreign-born workforce has equal percentages (28 percent) of workers with a college degree or higher and workers with less than a high school diploma. Although we do not have Washington specific numbers, nationally, approximately 21.6 percent of college-educated immigrant workers were in occupations where their backgrounds were underutilized with recently arrived Latin American and African immigrants faring the worst.

Naturalization has become increasingly important through the years as an effective immigrant integration strategy, and is especially crucial in a down economy.

In 2007, only 8.6 percent of legal permanent residents eligible for citizenship in Washington became citizens. For legal permanent residents who are eligible, the process of naturalization (becoming a citizen) is an important strategy for providing economically sound and stable lives for immigrant workers. Citizenship helps further workforce development, increased wages, asset building, social mobility and integration into the formal economy. Currently, there are approximately 170,000 legal permanent residents eligible for citizenship in Washington.

CONTRIBUTIONS OF IMMIGRANTS TO WASHINGTON'S ECONOMY

Immigrants contributed \$1.48 billion in tax revenue to Washington's economy in 2007. The foreign born account for 13.2 percent of all taxes paid in Washington state, slightly higher than the overall percentage of foreign born households. Low income foreign born households pay the highest percent of their income to taxes – about 14.2 percent.

Washington's Asian and Hispanic buying power accounted for over \$28 billion or about 11.5 percent of the state's total consumer market. Nationally, Washington state ranked seventh in size of Asian Consumer Market and 13th in size of Hispanic Consumer Market. From 1990-2008, Asian and Hispanic buying power grew by 442.8 percent and 494.5 percent, respectively.

Washington's immigrants contribute to the economy, both in participation in the formal housing market and transportation-related expenses. All immigrant groups except Latin Americans have a median home value above that of the U.S. born home value. Immigrants who are not home owners contribute substantially to the economy as renters. Over 90 percent of every group besides African immigrants has access to one or more vehicles, contributing to the economy through dollars spent on car tabs, gas, insurance and vehicle maintenance.

Growth in immigrant populations means a growth in overall buying power and tax revenue contributions of immigrants in Washington state. As the state's immigrant population grows, so too does Washington's multicultural economy and overall buying power.

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claimed. Estimates also suggest that new legal immigrants will provide a net benefit of \$611 billion to Social Security over the next 75 years.

Immigrants rely on federal safety net programs less than their native born peers. This is partially due to restrictions on safety net services for undocumented immigrants and bars that preclude legal permanent residents from many services (including Food Stamps, Medicaid, TANF and SSI) until they have been in the country for five years.

In Washington, immigrant households utilize public assistance at rates that are the same or lower than native born households, with the exception of food stamps. A slightly higher percentage (4 and 5 percent respectively) of Asian and European households receive SSI benefits compared to African, Latin American and native born households (3 percent). Immigrants on average receive food assistance at greater rates than the U.S. born, 11.6 percent compared to 8 percent.

Undocumented immigrants contribute significantly to the state and the national GDP. The Perryman Group estimates that removing undocumented immigrants would cause great damage to the U.S. economy, eliminating \$1.757 trillion in spending and \$651.511 billion in lost output per year for the U.S. In 2006, the National Bureau of Economic Research found that 90 percent of American workers found themselves with higher wages as a consequence of immigration. Some researchers believe this is because native workers may find themselves with specialized knowledge that boosts them into supervisory positions that would not have existed without these new immigrant workers. Washington's GDP is dependent on undocumented immigrants who make up about 5 percent of the workforce.

Washington ranks eighth in a list of states that would suffer the highest per-capita losses if the undocumented workforce was removed. Depending on if the workforce was removed all at once or over time, Washington state could lose \$14 billion to \$46 billion in lost expenditures, and Washingtonians could lose \$600 to \$1,700 of personal income per capita.

National experts believe that worker shortages will continue to exist in the face of rising unemployment due to worker mismatch. For example, workers may find

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themselves in the wrong geographic region and unwilling or unable to move. Laid off financial industry workers may be unwilling to work in agriculture or in other jobs they find unappealing. As long as this mismatch continues, the health of the U.S. economy is tied to the constitution of its immigrant workforce.

INDISPENSABLE WORKERS

In 2000, Washington's immigrant entrepreneurs contributed approximately \$1.3 billion or 9.8 percent of total state business income and provided a significant number of jobs. In 2000, Washington ranked tenth in percent of immigrant business owners operating within a state, with slightly over 10 percent of all business owners being immigrants. In Washington, Asians and Hispanics own 5.7 percent and 2.2 percent of businesses, respectively. In 2007, Hispanic businesses generated \$1.5 billion in total revenues, employing 15,852 people. On average, Asian and Hispanic businesses employ 7.02 and 3.42 full time workers respectively.

Corporations, universities and research institutions rely on H-1B visa workers, who also help increase “complementary” job opportunities for native born workers. In Washington, Microsoft, University of Washington, Washington State University, Boeing, and Fred Hutchinson Cancer Research Center employ the most H-1B workers. Just a few of these positions include senior health policy analysts, professors and post-doctoral fellows, biochem-

ists, naturopaths, software engineers and teachers. The National Foundation for American Policy estimated, based on a survey of businesses, that each H-1B hire generates one or more “complementary jobs” at their business or in the local economy.

The U.S. is in a worldwide competition for the best engineers, scientists and mathematicians, but is unable to bring in some of the top foreign born scientists because of immigration policy. In testimony before the U.S. Congress, Laszlo Bock, VP of People Operations at Google, described a “fierce worldwide competition” for the world’s best engineers, scientists and mathematicians, stating: “If U.S. employers are unable to hire those who are graduating from our universities, foreign competitors will ... we also cannot hope to grow our economy and create more jobs if we are ceding leadership in innovation to other nations.” The National Science Foundation also voiced concern over a decline in foreign science students staying in the U.S. after graduation combined with the high numbers of U.S. born scientists and engineers beginning to retire.

POLICY RECOMMENDATIONS

Washington must quickly invest in strategies that support the two-way integration of immigrants into our communities. Specifically, four strategies emerge as undoubtedly accelerating immigrant integration and immigrant contributions to our communities and economy: Investing in English Language Services (particularly connected to the workplace), Naturalization Assistance, and Entrepreneur Assistance; and pushing for federal immigration reform.

Invest in English language services. English-proficiency is related to the economic self-sufficiency of immigrants and their ability to contribute to the economy. Limited English Proficiency can restrict immigrants from participating in work training programs, earning professional certifications, or passing the citizenship exam. The Migration Policy Institute has found that Limited English Proficient (LEP) individuals are twice as likely to work in occupations that do not utilize their backgrounds as their peers with proficient English skills.

Invest in naturalization assistance. Gaining citizenship leads to higher earnings and helps immigrants integrate socially. The large numbers of legal permanent residents

eligible for citizenship, combined with the very small number of those who actually naturalized in recent years, suggest that there is an untapped potential in Washington state to significantly increase the number of people who obtain their citizenship and, as a result, are able to access better jobs and fully integrate into their communities.

Invest in immigrant entrepreneurs. Immigrant businesses make tremendous economic contributions both in terms of revenue and job creation. Strategies to draw immigrant entrepreneurs to Washington or assist immigrants in Washington with opening or growing a business could generate more revenue for our economy. Washington must invest more resources and attention to providing immigrant entrepreneurs with access to capital or navigating bureaucratic regulations.

Push for federal immigration reform. Comprehensive immigration reform can fuel further economic contributions by immigrants and must also consider the current economic contributions of immigrants. Contributions of immigrants and immigrant workers must be factored in to a federal solution that tackles the need to provide stability to workers who are here and address the future flows of workers. National reform must be driven by the fact that industries rely on large numbers of documented and undocumented workers and that providing rights to all workers ensures protection against exploitation, lessens the underground economy, and ensures fair pay for all workers.