

A Pathway to Citizenship: Doing Well by Doing Good

February 1, 2021

CREATING A PATHWAY TO CITIZENSHIP for undocumented immigrants in the United States is a way to ensure that everyone living in this country is able to participate fully in the economy and society. No one should have a “second class” status. Making it possible for undocumented immigrants to gain work authorization and eventually to become citizens is an important step toward ensuring that no one is excluded from key aspects of the social, economic, or legal systems of this country.

Removing barriers that prevent some people from realizing their full potential is a clear case of doing well by doing good. Currently, undocumented immigrants are blocked from advancing in most jobs, and are often underpaid for their work. The economy and society as a whole benefit when all community members can rise to the level of their ability, and when employers are not able to discriminate against certain categories of workers.

Removing Barriers Boosts Earnings and Tax Revenues

Today, an estimated 10.5 million people live in the United States as undocumented immigrants, including 680,000 in New York State.¹

Granting undocumented immigrants work authorization would remove barriers that prevent them from fully participating in economic and civic life. In the economy, the predictable result is that newly work-authorized immigrants with a secure future in the United States would advance to positions that more fully match their skills and experience, would be more likely to invest in their own training and education, and would be less likely to be underpaid or otherwise taken advantage of by their employers. Businesses established and operated by undocumented immigrants—food vendors, carpet cleaning services, computer consultants—could become more formalized and grow.

Studies show that within a five-year period of gaining work authorization immigrants can be expected to earn about 10 percent more than they did when they were undocumented. A separate study by the Urban Institute showed the added benefits of the step from being eligible to naturalize to having citizenship brings on average a nine percent gain in earnings.²

Undocumented immigrants are not overwhelmingly in any one kind of job. In New York State, 36 percent of undocumented workers have a job in service occupations, and the rest

Benefits of Pathway to Citizenship for Immigrant Families and for State and Local Tax Revenues

Undocumented Immigrants	Avg. Family Income	State and Local Taxes Paid
Current status	\$33,000	\$890 Million
...with work authorization	\$36,300	\$1.09 Billion
...with citizenship	\$39,500	\$1.19 Billion
Full Benefit of Pathway to Citizenship	\$6,500	\$300 Million

FIG. 1 Fiscal Policy Institute analysis of data from Institute on Taxation and Economic Policy. This is a preliminary update of ITEP's 2017 analysis, based on population estimates of the Center for Migration Studies and citizenship benefits from the Urban Institute. A full update of the ITEP report is forthcoming.

are about equally divided among jobs in construction and related fields; production, transportation, and material moving; management business and the arts; and sales and office (13 to 17 percent each).³ The large majority work in the lower-wage jobs in their industry, though it is notable that a few work in higher wage jobs as research scientists, medical staff, or even in one well-known case as a Pulitzer Prize winning journalist.⁴

The average family income for undocumented immigrants in New York State is currently \$33,300. Gaining work authorization would mean an increase of about \$3,300 per year per family, adding a meaningful amount to a family's budget. Moving from work authorization to citizenship could add an additional \$3,200, for a total gain from today to full citizenship of \$6,500 for a typical family. These are meaningful gains that could be enough, for example, to enroll a child in an afterschool program, pay to have a broken car fixed, take a job training class, or cover an unanticipated health care cost. These estimates are based on the Fiscal Policy Institute's preliminary updates of a 2017 report from the Institute on Taxation and Economic Policy. A final update of that report is forthcoming.⁵

Added earnings translate into added local economic activity as consumers spend more on local goods and services. As families earn more money, they also spend more at local grocery stores, buy more at local stores, and can afford more in rent or home ownership.

Added earnings also means higher state and local tax revenues. Taxes paid by undocumented immigrants are often misunderstood. Undocumented immigrants pay sales tax, for example. If their family owns a home, they pay property taxes, and if they rent they help make it possible for the landlord to pay property taxes. About half of undocumented immigrants also file income tax returns, often using an Individual Taxpayer Identification Number (ITIN) in lieu of a Social Security Number. Currently, the combined state and local taxes paid by undocumented immigrants in New York add \$890 million to government

revenues, according to an FPI update of a 2017 report by the Institute on Taxation and Policy Priorities.⁶ If undocumented immigrants were granted work authorization and a pathway to citizenship, that would increase the

Where Do Undocumented Immigrants Live in New York?

	Number of Undocumented Immigrants	Share of State Total
New York City	490,000	72%
Long Island	89,000	13%
Lower Hudson Valley	48,000	7%
Mid Hudson Valley	20,000	3%
Capital Region	10,000	1.5%
Northern and Western NY	26,000	4%
New York State	680,000	100%

FIG. 1 Fiscal Policy Institute tabulation of regional data provided to FPI by the Center for Migration Studies. CMS estimates are based on 2018 American Community Survey.

tax revenues in two ways. First, gaining a Social Security Number would likely double the number having payroll taxes withheld and filing income tax returns. In addition, the taxes paid would be based on incomes that would be higher.

With work authorization for undocumented immigrants, New York State and its local governments can expect to gain about \$200 million in added state and local tax revenues, bringing the total revenues from this group of immigrants to \$1.09 billion. If those work authorized immigrants then gain citizenship, state and local tax revenues can be expected to increase by an additional \$100 million, bringing the total to \$300 million.

Of the 680,000 undocumented immigrants in New York State, about 490,000, just over 70 percent, live in New York City. Some 89,000, or about 13 percent of the state total, live on Long Island; 48,000 (8 percent) in the Lower Hudson Valley; 20,000 (3 percent) in the Mid-Hudson Valley; 10,000 (1.5 percent) in the Capital Region, and 26,000 (4 percent) in Northern and Western New York.⁷

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Special thanks to Meg Wiehe of the Institute on Taxation and Economic Policy, Robert Warren and Daniela Alulema of the Center for Migration Studies, and Randy Capps of the Migration Policy Institute.

Endnotes

¹ Data on the number of undocumented immigrants in this report are from the Center for Migration Studies. State and national information, as well as the methodology for estimating the number of undocumented immigrants, is available on the [Center for Migration Studies web site](#). Regional data for New York was provided by the Center for Migration Studies directly to the Fiscal Policy Institute. CMS estimates are grounded in the 2018 American Community Survey.

² For a discussion of the research on the 10 percent increase in wages expected from undocumented immigrants gaining legal status, see “[Three Ways Immigration Reform Would Improve Economic Productivity](#),” Fiscal Policy Institute, June 4, 2013. For the additional gain due to citizenship, see Maria E. Enchautegui and Linda Giannarelli, “The Economic Impact of Naturalization on Immigrants and Cities,” Urban Institute, December 2015. There may be some difference between the step from work authorization to citizenship and eligible-to-naturalize and citizenship, but the two are similar, and if there is a difference it is not clear whether the income gain might be slightly more or less.

³ Data from the Center for Migration Studies, based on imputations in the 2018 American Community Survey data.

⁴ Jose Antonio Vargas is a journalist whose reporting on the Virginia Tech shooting for the Washington Post won the Pulitzer Prize, and who acknowledged in a 2011 essay that he is an undocumented immigrant. His story is [summarized in Forbes](#) in naming Vargas one of “40 under 40.”

⁵ The 2017 report on which this analysis is based is: Christensen Gee, Matthew Gardner, Misha E. Hill, and Meg Wiehe, “[Undocumented Immigrants’ State & Local Tax Contributions](#),” Institute on Taxation and Economic Policy, March 2, 2017. Average family income for undocumented immigrants is estimated by the Migration Policy Institute, and presented in the ITEP report. The gains in are net gains that include both increased taxes paid and tax credits.

⁶ Estimates of taxes paid by undocumented immigrants are derived from the Institute on Taxation and Economic Policy’s report, “[Undocumented Immigrants’ State & Local Tax Contributions](#).” The Fiscal Policy Institute adjusted the estimates based on more current undocumented population figures, from the Center for Migration Studies for 2018, and assumes the tax impacts are proportional.

⁷ Lower Hudson includes Putnam, Rockland, and Westchester counties. Mid-Hudson includes Dutchess, Orange, Sullivan, and Ulster Counties. The Capital Region includes Albany, Columbia, Fulton, Greene, Montgomery, Rensselaer, Saratoga, Schenectady, Warren, and Washington counties. Northern and Western New York is north and west of the capital region and the Hudson Valley.