



## Good for Business: Rolling out the Welcome Mat in Michigan

Anti-immigration sentiment swept the nation with the passage of Arizona's controversial immigration law. Michigan was one of 23 states where similar legislation was introduced last year. In February of this year, legislation that would require state police to enforce federal immigration laws and require them to request immigration documents from anyone they suspect of being in the state illegally was reintroduced in Michigan. Heated discussions about immigration reform have often centered on the cost to the public and the services provided to unauthorized immigrants. However, many unauthorized immigrants have initially entered legally but technicalities and expiring visas later rendered them unauthorized. Therefore, unauthorized or not, anti-immigrant legislation creates a hostile atmosphere for all foreign-born residents in Michigan. This paper examines the contributions of all immigrants to the state economy and the potential cost to the state if an Arizona-style law were adopted in Michigan.

### Changing demographics

Michigan is home to a very diverse population, especially in the cities of Detroit and Dearborn. Detroit's foreign-born represent 9 percent of the total population and Dearborn is home to the largest Arab American community in the United States.<sup>1</sup> In 2000, Arab Americans made up nearly 30 percent of Dearborn's

population.<sup>2</sup> Immigrants make up 5.8 percent of the total state population, with unauthorized immigrants accounting for only 1.4 percent of that total.<sup>3</sup> Unauthorized immigrant workers account for 1.3 percent of the total workforce.<sup>4</sup> Furthermore, the number of unauthorized immigrants entering the United States has been on the decline since 2007.<sup>4</sup> Unauthorized immigrants include anyone residing in the country lacking documents required for legal immigration or residence.

Additionally, over half of Michigan immigrants, or 64.4 percent, are of working-age (18-54) compared with 50.8 percent of the nonimmigrant population in 2008.<sup>5</sup> This is a critical factor as a large portion of the state is nearing retirement. By 2030, Michigan's residents aged 65 and older will represent 20 percent of the population, and the number of individuals 85 and older is expected to double in size by 2050.<sup>6</sup> Immigrants dominate the domestic worker industry, and as our population ages, more workers will be needed to care for the state's elderly.

### Coming here legally

Nationally, almost half of all unauthorized immigrants entered the states legally, but their visas expired and they have not left the country.<sup>7</sup> Year-long wait times for processing immigration cases make it difficult for

<sup>1</sup> Fiscal Policy Institute, 2009. *Immigrants and the Economy: Contribution of Immigrant Workers to the Country's 25 Largest Metropolitan Areas.*

<sup>2</sup> Immigration Policy Center, 2009. *New Americans in the Great Lakes State: The Political and Economic Power of Immigrants, Latinos, and Asians in Michigan.*

<sup>3</sup> American Community Survey, 2008, Pew Research Center, 2009.

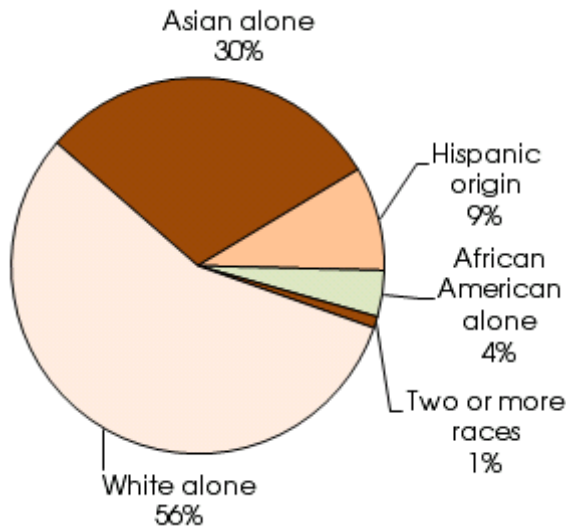
<sup>4</sup> Pew Research Center, 2009. *U.S. Unauthorized Immigration Flows Are Down Sharply Since Mid-Decade.*

<sup>5</sup> Migration Policy Institute, 2008. *MPI Data Hub: Michigan Social & Demographic Characteristics.*

<sup>6</sup> Health Management Associates, 2010. *Improving Long Term Services and Supports for Seniors in Michigan: New Opportunities and Options.*

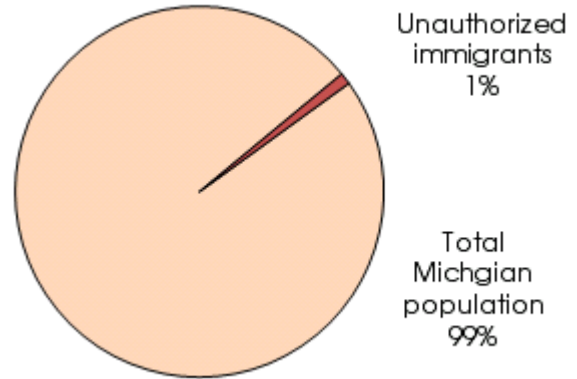
<sup>7</sup> Pew Research Center, 2006. *Modes of Entry for the Unauthorized Migrant Population.*

### Race and Ethnicity of Michigan Immigrants, 2008



Source: American Community Survey, 2008  
Chart created by the Michigan League for Human Services.

### Percentage of Unauthorized Immigrants in Michigan, 2009



Source: Pew Hispanic Research Center, 2009  
Chart created by the Michigan League for Human Services.

them to remain in the country legally and not be separated from their families. Legal immigrants can also become immediately unauthorized because they changed addresses and stopped receiving important information about court dates from the Executive Office for Immigration Review. Other reasons include legal mistakes, dishonest lawyers and notaries, and the rising costs of a green card and citizenship.<sup>8</sup> In addition, most immigrants also need to speak English to naturalize, and there are year-long wait times for English as a Second Language (ESL) classes.<sup>9</sup> The bilingual education budget was cut entirely in Detroit, where the largest number of Michigan immigrants reside.<sup>10</sup>

### Immigrating to the United States

Three main categories exist under which the foreign born can request a visa to enter the United States. These include:

- Family-sponsored preferences
- Humanitarian
- Employment-based preferences

There are two broad overarching visa types: nonimmigrant (temporary work visas, students) and immigrant (green card recipients). However, within the three main categories there are varying types of visa eligibility (spouse sponsor, refugee, holding advanced degrees, etc). Each category within the three categories has an allotted number of visas issued per given time period. Depending on what category an immigrant falls under, the wait time to obtain a visa could be anywhere from a few months to 15 years.

<sup>8</sup> Alliance for Immigrants Rights and Reform, December 2010 Presentation.

<sup>9</sup> Ibid.

<sup>10</sup> Ibid.

## Immigrants pay taxes

A frequent argument for increased immigration enforcement has been the assumption that unauthorized immigrants do not pay taxes, impacting on already stretched state resources. The opposite is true. Nationally, between one-half to three-quarters of unauthorized immigrants pay federal and state income taxes, Social Security taxes, and Medicare taxes through payroll deductions.<sup>11</sup> Nationally, unauthorized immigrants contribute \$8.5 billion in Social Security and Medicare funds annually.<sup>12</sup> Many unauthorized immigrants are on the payroll through false Social Security numbers, contributing into the Social Security fund but unable to receive benefits. This happens when employers list false Social Security numbers for unauthorized immigrants. Additionally, as consumers, all unauthorized immigrants are subject to sales and property taxes.

Nationally, immigrants make up 20 percent of low-wage workers.<sup>13</sup> Low-wage workers spend most, if not all of their paycheck directly into the local economy, stimulating growth and revenue.<sup>14</sup>

## Immigrants utilizing public assistance

Despite paying taxes and Social Security, unauthorized immigrants cannot receive public assistance benefits or Social Security Income (SSI). Legally residing immigrants cannot receive benefits during their first five years or longer in the United States, even if they are working and paying taxes. Legal Permanent Residents (LPRs), or green card recipients, residing in the United States have to wait at least five years before they are eligible for naturalization. Once immigrants have been living in the states legally for five years and reach LPR status, they are eligible for public assistance. They do not have to be naturalized to be eligible for public assistance. The only exceptions to this rule are victims of trafficking and domestic violence, refugees and asylum seekers, who do not have to wait five years for public assistance. Foreign students are never eligible for public assistance.

However, nuances in restrictions may still limit naturalized citizens from public assistance.

Many other states have state-funded replacement programs to provide assistance to these populations. In Michigan, the only replacement services provided are prenatal services under the Maternity Outpatient Medical Services (MOMS) program and Emergency Services Only (ESO) Medicaid. Federal funding pays for most of these programs. Other general assistance and similar programs may exist, but benefits are usually much lower and have tighter restrictions than the benefits available through federal and state public assistance programs. Although unauthorized immigrants may not be eligible for most services, they still contribute to their funding through payroll taxes.

Children of immigrants, on the other hand, have greater access to public assistance. Providing they are income eligible, citizen children of unauthorized immigrant parents, legal permanent children under 18, and all immigrants who have lawfully resided in the country continuously for five years are eligible for food assistance. All citizen immigrant children who meet the requirements are eligible for the Family Independence Program and Medicaid benefits.

## Demystifying the Public Charge

Public Charge has been put in place to ensure that those wanting to migrate to the United States are capable of working and contributing to the economy. Public charge is a term used in immigration law to describe legal immigrants who are unable to support themselves and who rely solely on cash assistance, including Temporary Aid for Needy Families (TANF) or Social Security Income (SSI), as their primary income. Depending on their immigration status, a person can be denied entry into the U.S., re-entry into the U.S., or permanent residency if the U.S. Immigration and Customs Enforcement (ICE) believe an immigrant is not able to support themselves without these benefits in the future. Public charge is an issue for those seeking to enter the U.S. or applying for a green card.

---

<sup>11</sup> Immigration Policy Center, 2009. *Assessing the Economic Impact of Immigration the State and Local Level.*

<sup>12</sup> American Civil Liberties Union, 2008. *Immigration Myths and Facts.*

<sup>13</sup> Urban Institute, 2003. *A Profile of the Low-Wage Immigrant Workforce.*

<sup>14</sup> Sklar, Holly, 2005. *A Just Minimum Wage: Good for Workers, Business and Our Future.*

Public charge is not an issue for immigrants who are applying to become a U.S. citizen, for refugees, persons granted asylum, or persons certified as trafficking victims.

### Business starters and money makers

Immigrants excel as entrepreneurs and innovators and provide Michigan with a competitive advantage in the growing high-tech market. In Michigan, immigrants were responsible for 32.8 percent of all high-tech startups, between 1995 and 2006, making Michigan third among all states in producing new high-tech business opportunities.<sup>15</sup>

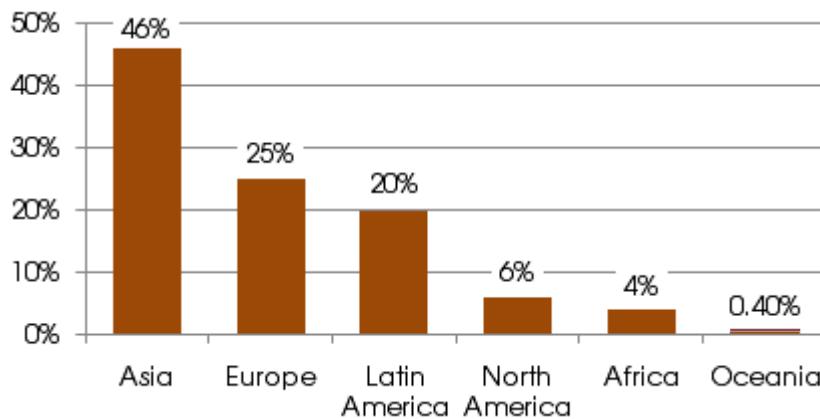
The Kauffman Index of Entrepreneurial Activity states that the immigrant business startup rate is 1.89 times that of nonimmigrants, making immigrants twice as likely to start a business.<sup>16</sup> Michigan immigrants

started 2,276 new businesses from 1996-2007, ranking the state 7th in the country for the gross number of new immigrant business owners, highest in the Midwest after Illinois.<sup>17</sup> In 2006, 22 percent of the international patent applications from Michigan listed a foreign-born resident as one of its key inventors, ranking Michigan 8th in the nation.<sup>18</sup> The state's immigrants are five times more likely than nonimmigrants to file an international patent.<sup>19</sup> This has spillover benefits to the entire economy through job creation and research.

The purchasing power of immigrants is also on the rise, and their drive to start businesses creates jobs in local communities. In Metro Detroit, Arab American employment alone accounted for \$7.7 billion, generating an estimated \$554 million in state tax revenue for Michigan in 2005.<sup>20</sup> Arab American businesses and consumer spending supported an estimated 141,541 jobs in 2005.<sup>21</sup>

Almost half of Michigan immigrants are from Asia and nearly a quarter from Latin America. In 2009, the purchasing power of Michigan Asians and Latinos combined, totaled \$17.5 billion, an increase of over 300 percent by each population since 1990.<sup>22</sup> In 2002, Michigan's Asian and Latino-owned businesses numbered 31,267, with sales and receipts of \$8.3 billion, employing 60,517 people.<sup>23</sup>

Country of Origin of Michigan Immigrants, 2008



Source: American Community Survey, 2009  
Chart created by the Michigan League for Human Services.

<sup>15</sup> New Economy Initiative of Southeast Michigan, 2010. *Global Detroit Report*.

<sup>16</sup> Robert Fairlie, Kauffman Index of Entrepreneurial Activity 1996-2008, April 2009.

<sup>17</sup> New Economy Initiative of Southeast Michigan, 2010. *Global Detroit Report*.

<sup>18</sup> Ibid.

<sup>19</sup> Ibid.

<sup>20</sup> Immigration Policy Center, 2009. *New Americans in the Great Lakes State: The Political and Economic Power of Immigrants, Latinos, and Asians in Michigan*.

<sup>21</sup> Ibid.

<sup>22</sup> Ibid.

<sup>23</sup> Ibid.

## Immigrants do not raise unemployment

Contrary to popular belief, unauthorized immigrants do not raise unemployment rates. Nationally, all immigrants make up only 3.1 percent of the population in counties with the highest (over 13.4%) unemployment rates, and make up 4.6 percent of the population in counties with the lowest (below 4.8%) unemployment rates.<sup>24</sup> Currently, Arizona has seven times more unauthorized immigrants in the labor force than Michigan, yet as of December 2010, had an overall unemployment rate of 9.4 percent, compared with Michigan's 11.7 percent.<sup>25</sup>

## Moving to a knowledge-based economy

With immigrants making up such a small portion of the state's population, yet benefiting local economies in such large ways, it is imperative for the future of Michigan's economy to encourage policies and environments that welcome a diverse population with varying education backgrounds. In the past, Michigan relied heavily on the auto industry to employ people with high-paying jobs and benefits. Overreliance on this industry led to severe negative economic consequences as the auto industry shrunk dramatically and thousands of jobs were lost. The entrepreneurial spirit of immigrants can significantly contribute to Michigan's movement toward a knowledge-based economy—an economy that is more stable and diverse.

Michigan's education system attracts many foreign students. During the 2008-2009 year, foreign students contributed \$592.4 million to the local economy in tuition, fees, and living expenses.<sup>26</sup> In 2008, 36.5 percent of the Michigan immigrant population had a college degree.<sup>27</sup> The number of college-educated immigrants has increased by 26.9 percent since 2000,

while the number of immigrants with less than a high school diploma has decreased by 1.8 percent.<sup>28</sup> Immigrants in Michigan are 56 percent more likely than a native-born citizen to possess a college degree, with 37 percent of Michigan's foreign-born possessing a four-year college degree compared with 23.7 percent of native-born Michigan residents.<sup>29</sup> Additionally, according to the *Global Detroit* report produced by the New Economy Initiative for Southeast Michigan, more recent foreign immigrants in Michigan have even higher educational rates than those who came before. Nationally, only 1.1 percent of U.S. citizens have doctorates, compared with 1.9 percent of immigrants in the United States.<sup>30</sup> In Michigan, 44 percent of all engineering master's degrees and 62 percent of engineering doctorates are awarded to foreign-born students.<sup>31</sup> A well-educated workforce is essential to growing Michigan's economy, and it is clear that immigrants are helping move the state toward a knowledge-based economy.

## Children of immigrants

Children in immigrant families are the fastest-growing segment of the child population. More than a third of unauthorized immigrants in the country have children who are U.S. citizens.<sup>32</sup> However, even if a parent is an unauthorized immigrant with native-born children, that does not provide them lawful residency in the states. Children with at least one immigrant parent represent 11 percent of all children in Michigan.<sup>33</sup> Out of all children in Michigan immigrant families, 85 percent of them are U.S. citizens, 88 percent live with two parents, and three-fourths of them live in family-owned homes.<sup>34</sup> Second- and third-generation

<sup>24</sup> Fiscal Policy Institute, 2009. *Immigrants and the Economy: Contribution of Immigrant Workers to the Country's 25 Largest Metropolitan Areas*.

<sup>25</sup> Bureau of Labor Statistics, 2010.

<sup>26</sup> Immigration Policy Center, 2009. *New Americans in the Great Lakes State: The Political and Economic Power of Immigrants, Latinos, and Asians in Michigan*.

<sup>27</sup> Migration Policy Institute, 2008. *MPI Data Hub: Michigan Education & Workforce Characteristics*.

<sup>28</sup> Migration Policy Institute, 2008. *MPI Data Hub: Michigan Social & Demographic Characteristics*.

<sup>29</sup> New Economy Initiative of Southeast Michigan, 2010. *Global Detroit Report*.

<sup>30</sup> The Hamilton Project, 2010. *The Economic Facts About Immigration*.

<sup>31</sup> New Economy Initiative of Southeast Michigan, 2010. *Global Detroit Report*.

<sup>32</sup> Pew Research Center, 2009. *A Portrait of Unauthorized Immigrants in the United States*.

<sup>33</sup> Annie E. Casey Foundation & The Center for Social and Demographic Analysis, 2009. *Children in Immigrant Families in Michigan*.

<sup>34</sup> Ibid.

immigrants are more likely to have college degrees and work in more advanced fields than their parents, adding to the knowledge-based economy.

## The Cost

Immigrants and the state's economy could be negatively impacted by the passage of an Arizona-style bill. Michigan stands to lose over \$3.8 billion in economic activity, \$1.7 billion in gross state product, and approximately 20,339 jobs, with the removal of all unauthorized workers from the labor force.<sup>35</sup> The personal income of all unauthorized workers in Michigan accounts for over \$1 billion in taxable income for the state.<sup>36</sup> At a time when personal income in Michigan is plummeting, the loss of the taxable income of unauthorized workers would further add to the state's budget and revenue problems.

Beyond the loss in revenue, passage of this type of law would lead to increased state expenditures. In Arizona, simply implementing the law through increased local law enforcement will cost the state an

estimated \$10 million.<sup>37</sup> This amount does not include costly litigation and the impact on the state's economy through loss of business as some boycott the state. Furthermore, in Arizona, with local police enforcing immigration laws, other crimes have gone uninvestigated, response times to emergency calls have increased and victims and witnesses of crimes are too fearful of deportation to report crimes, putting the entire community at risk.

## Conclusion

Michigan immigrants make up a dynamic population providing the state with diversity, sizeable economic contributions, entrepreneurship, and a better-educated workforce. With the fourth-highest unemployment rate, and a \$1.8 billion state budget deficit looming next fiscal year, Michigan needs to focus on policies that encourage inclusion and economic growth. If immigrants clearly contribute to our economy and do not drain our social services, our state could greatly benefit from welcoming immigrants rather than rolling up the welcome mat.

---

<sup>35</sup> Perryman Group, 2008. *An Analysis of the Economic Impact of Undocumented Workers on Business Activity in the US with Estimated Effects by State and Industry*.

<sup>36</sup> Ibid.

<sup>37</sup> Immigration Policy Center, 2010. *Implementation Costs of SB 1070 to One Arizona County*.

## Michigan Resources on Immigrant Issues

---

(click on link to go to site)

ACCESS

**Sonia Harb & Brigitte Fawaz-Anouti**

[www.accesscommunity.org](http://www.accesscommunity.org)

Centro Multicultural La Familia

**Sonia Acosta**

[www.centromulticultural.org](http://www.centromulticultural.org)

Department of Human Services—Refugee Program

**Al Horn**

[www.michigan.gov/dhs](http://www.michigan.gov/dhs)

Freedom House

**Deborah Drennan**

[www.freedomhousedetroit.org](http://www.freedomhousedetroit.org)

International Institute of Metropolitan Detroit

**Wojciech Zolnowski**

[www.iimd.org](http://www.iimd.org)

Jewish Family Services

**Norm Keane**

[www.jfsdetroit.org](http://www.jfsdetroit.org)

Michigan Asian Indian Family Services

**Anjali Guntur**

[www.maifs.org](http://www.maifs.org)

Michigan Immigrant Rights Center

**Susan Reed**

[www.mirc.mplp.org](http://www.mirc.mplp.org)

MSU Immigration Law Clinic

**Veronica & David Thronson**

<http://www.law.msu.edu/clinics/immigration/index.html>