



Economic Projections for Asylum Seekers and New Immigrants: Michigan

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Immigration is hardly a new social trend in Michigan. Of the 10 million people living in the state, 700,000 are immigrants, 7% of the total population, according to the 2022 American Community Survey.

Over the past two years, however, a new trend in immigration has generated a different kind of attention. The number of people seeking asylum and other protection in the United States has risen sharply.

How can we expect these new immigrants to fare in the economy? To model this question, Immigration Research Initiative and the Michigan League for Public Policy looked at how immigrants with similar characteristics currently make ends meet in the state.

Wages Earned and Taxes Paid by Newly Arriving Immigrants

New immigrants arriving in Michigan can expect to earn a median wage of about \$22,000 per year. If there are two wage earners in a family, the combined income would be about \$44,000.

WAGES EARNED AND TAXES PAID

	Annual Wages	Aggregate Wages per 1,000 Workers	State & Local Taxes Paid per 1,000 Workers
When First Working	\$22,000	\$22 million	\$1.6 million
After About 5 Years	\$35,000	\$35 million	\$2.5 million

Fig. 1: Immigration Research Initiative modeling, using data from 2021 American Community Survey 5-year data. See methodology section for details.

That means newly arriving immigrants will have a hard time making ends meet, to be sure, but are likely to be at least slightly above the federal poverty level even when they first get here. The federal poverty level in 2021, the year in which this data was collected, was \$12,880 for individuals and \$26,500 for a family of four.

Once immigrants have been here for about five years, their median wage will likely increase to about \$35,000 per year, as they earn higher wages and as a larger share get full-time jobs, raising a two-earner family's income to about \$70,000.

Newly arriving immigrants also grow the economy and pay taxes. In the first year after arrival, the Immigration Research Initiative (IRI) model predicts that for each 1,000 newly arrived immigrant workers

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the aggregate annual wages paid is \$22 million—a direct economic benefit to the region in which they are working in both the value of work produced and in added local spending power. State and local tax revenues also increase as immigrants settle in the area. For each 1,000 workers, initial state and local tax revenues are predicted to increase by \$1.6 million. After these immigrants have been here for about five years, the IRI model predicts that for each 1,000 workers, annual wages would be \$35 million and state and local tax revenues would be \$2.5 million.

Also of note, for work authorization there is typically a delay of at least six months and often even longer before people get authorization even among those who are eligible through, for example, temporary protected status or by seeking asylum. Having access to legal services is critical in this process. The projections here are based on a substantial number of people getting work authorization. Yet, some newly arriving immigrants (about a quarter to half of the comparison group on which calculations are based) don't have work authorization. But clearly work authorization makes a big difference and we should do everything we can to expedite it.

Immigrants Move Up in the Economy Over Time

The long history of immigration in the United States shows that once immigrants get a footing in the economy, they learn English, get better jobs and earn higher wages. There is every reason to think that, given the opportunity, people currently seeking safety in this country would do the same.

Between 2000 and 2020, Michigan's total population growth has been negligible: 1% compared to 18% nationally, ranking 49th out of 50 states. Yet, international immigration has emerged as the driver of *current* population growth in the state and in less than 30 years, Michigan's immigrant population, made up of people with many immigration statuses, is projected to double. This data informed the [Growing Michigan Together Council's](#) recommendation that welcoming and better supporting immigrants—that is, ensuring they can get a footing in the economy—is key to the state's growth. State policy changes that create a more immigrant-inclusive economy will reduce barriers to employment, benefits, transportation and engagement, resulting in better outcomes, thriving communities and economic mobility as new residents remain in Michigan over many years.

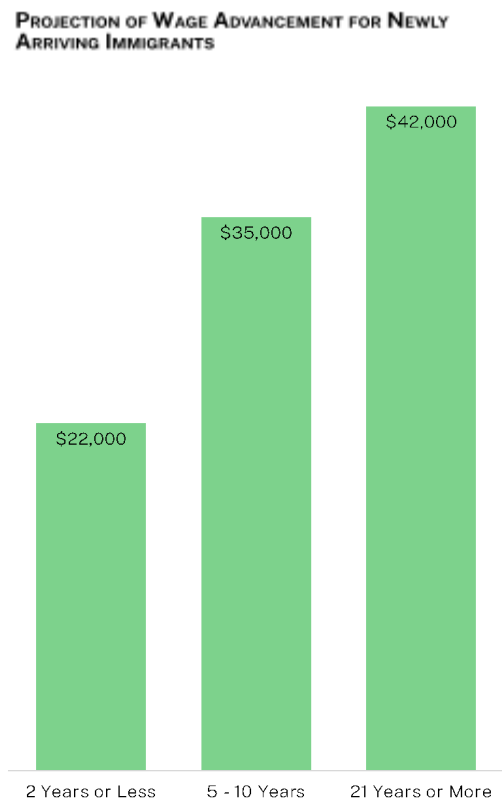


Fig. 2. Immigration Research Initiative analysis of 2021 ACS 5-year data. Projected wages are in 2021 dollars.

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In fact, by the time immigrants have been in Michigan about five years, they can expect to earn about \$35,000, up from a \$22,000 median wage for those who have been in the U.S. less than two years. A key reason for this is that many immigrants start working part-time jobs when they first get to the U.S., and then get full-time jobs once they have settled. After being here for 20 years, the median wage is \$42,000. In many cases, families have two working adults, which makes their family income double the individual wage.

Projected wages are presented here in 2021 dollars, so the actual future wages can be understood to be somewhat higher in today's inflation-adjusted dollars. The analysis also assumes some pathway to work authorization. For those who do not gain work authorization the upward path is more limited.

For reference, 200% of the 2021 federal poverty level is about \$26,000 for individuals, and \$53,000 for a family of four. This measure, double the poverty level, is often used as a proxy for what families need to cover basic household expenses.

When new immigrants first arrive in the United States, the IRI model shows some of the positions they are most likely to find are as construction laborers, cashiers, housekeepers, child care providers, personal care attendants, agricultural workers and cooks. Many will also find work in occupations with at least slightly higher wages in jobs such as retail salespeople, truck drivers, registered nurses or nursing assistants.

By the time immigrants have been here for longer and learn English better, the job mix has changed. After being here five to 10 years, the IRI model predicts that in addition to the above jobs, a significant number of immigrants are likely to move into jobs as nursing assistants, personal care aides, managers, chefs or head chefs, and accountants.

By Anthony Capote, David Dyssegaard Kallick and Simon Marshall-Shah

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Co-released with the Michigan League for Public Policy, a nonprofit policy institute focused on opportunity for all. Its mission is to use data to educate, advocate and fight for policy solutions that undo historic and systemic racial and economic inequities to lift up Michiganders who have been left out of prosperity. It is the only state-level organization that addresses poverty in a comprehensive way.

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Methodology

To model the likely outcomes for new arrivals, IRI looked at immigrants in Michigan who had been in the country for less than two years, and who don't speak English very well. The group of people in the data includes both documented and undocumented immigrants. The sample of people who have been in the U.S. less than two years basically represents non-citizens (since with rare exceptions people can't apply for citizenship until later).

To model the outcome for those who have been here for about five years, we expanded the analysis to also include those who speak English "very well," reflecting the fact that many—though not all—immigrants learn to speak the language very well within five years. We did not include in the analysis people who speak "only English" at home. To get a robust sample size, IRI used the 2021 Census American Community Survey's (ACS) 5-year data, and looked at groupings of years since arrival. Within that data set, we considered people who are newly arrived (having come to the U.S. within the last two years), those who have been here for some time (having arrived in the U.S. between five and 10 years ago), and those who are longtime residents of the U.S. (having been here for more than 20 years).

The tax analysis is based on a simple use of the Institute on Taxation and Economic Policy's report "[Who Pays: A Distributional Analysis of the Tax Systems in All 50 States](#)." According to the most recent, 7th Edition, the bottom 20% of tax filers in Michigan pay 7.1% of their income in state and local taxes. We use this as the effective tax rate for newly arriving immigrants as well as for those who have been here for five years.

Many, but not all, of the workers would have work authorization. Many newly arriving immigrants are eligible to apply for Temporary Protected Status, humanitarian parole, asylum or other designations that give them temporary or permanent work permits. The Institute on Taxation and Economic Policy's related report, "[Undocumented Immigrants' State and Local Tax Contributions](#)," shows that immigrants without work authorization pay an effective tax rate of 6.9% in Michigan, a little lower than those with work authorization. The overall tax estimate might be increased some by families with incomes on the higher range, and decreased some by the proportion of immigrants who are undocumented.