

# ECONOMIC CONTRIBUTIONS OF MASSACHUSETTS' FOREIGN BORN

November 2024

# CONTRIBUTIONS OF MASSACHUSETTS' FOREIGN BORN

---

- 1 Current Discussions on Economic Costs & Benefits
  -
- 2 What the Current Discussion Misses: The Reproduction of Labor
  -
- 3 Discussion

# CONTRIBUTIONS OF MASSACHUSETTS' FOREIGN BORN

---

- 1 **Current Discussions on Economic Costs & Benefits**
  -
- 2 **What the Current Discussion Misses: The Reproduction of Labor**
  -
- 3 **Discussion**

# WITH UPCOMING ELECTIONS, IMMIGRATION AND ITS REFORMS ARE FRONT AND CENTER IN THE NEWS..



NEWS > LOCAL NEWS

## Mass. residents point to immigration as a top concern, split on support of migrants in shelters

▶ LISTEN • 2:55    SHARE    f    X



## Immigration



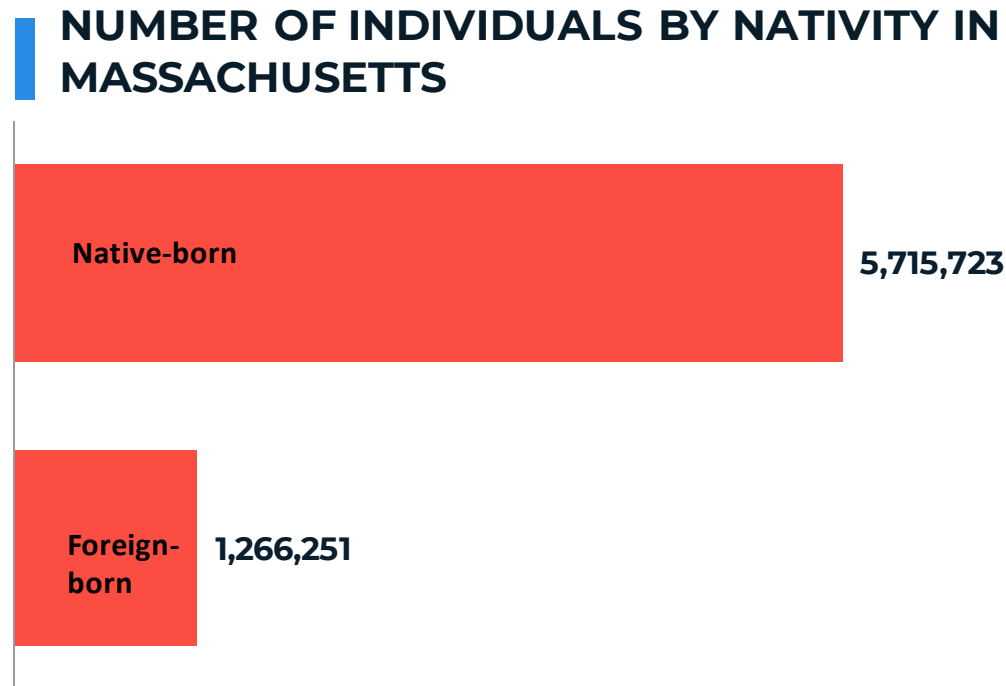
### As Mass. shelter system shuts them out, migrant families wander Boston streets at night, seeking a place to sleep

Newly arrived migrant families are shuffled each night between state welcome centers, Boston Medical Center, and the often closed offices of migrant aid groups.



# THE FOREIGN BORN MAKE UP A SUBSTANTIAL SHARE OF MASSACHUSETTS' POPULATION

Massachusetts has 1,266,251 foreign born individuals; an 18% percent share of the population



Source: ACS 2022, City of Boston Planning Department Research Division Analysis.

THE MAINSTREAM DISCUSSION OF IMMIGRANT CONTRIBUTIONS TO MASSACHUSETTS' ECONOMY ANALYZES COSTS AND BENEFITS

# MASSACHUSETTS FOREIGN BORN CONTRIBUTE \$116 BILLION TO THE STATE'S ECONOMY



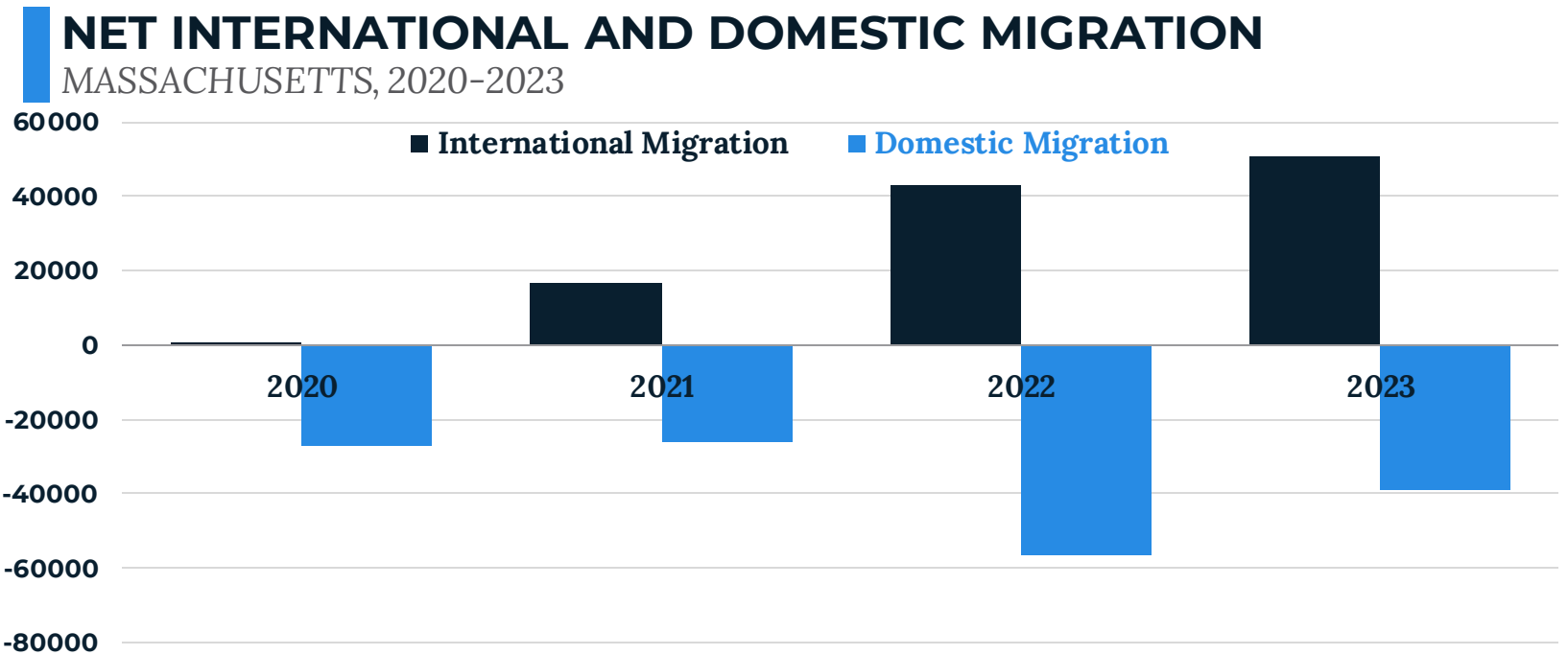
## Benefits

- **Total output** contributed: ~\$116 billion; 20% of Massachusetts' total output.
- **Taxes** contributed: \$23 billion income, \$4 billion sales, \$4 million property.
- **Jobs supported:** 387,000 jobs.



# Massachusetts cannot rely solely on domestic migration for workers to spur economic growth.

**IN 2023,  
MASSACHUSETTS  
NET INTERNATIONAL  
MIGRATION = 50,647  
NET DOMESTIC  
MIGRATION = -39,149**



Source: US Census Bureau 2023, City of Boston Planning Department Research Division Analysis.



# COSTS OF THE FOREIGN-BORN POPULATION INCLUDE ESL EDUCATION AND WELFARE PROGRAMS



## Educational Costs

We can include some additional costs for immigrants in MA:

- Cost of **ESL programs** to the state = **\$0.2 billion**
- The cost of **K-12 education** to the state = **\$22.5 billion**
- Some foreign-born educated in the US may move abroad, but net international migration is positive.



## Welfare and Health Costs

- **Uncompensated healthcare** (healthcare for uninsured individuals) is **\$0.09 billion**.
- **Welfare** (some immigrants qualify for welfare) is **\$0.2 billion**.
- **Emergency shelter systems** for housing newly arrived immigrants = **\$1 billion**.

**Total = \$23 billion + \$1.3 billion ~ \$24 billion**

Sources: **Uncompensated healthcare**: ACS 2022, Kaiser Family Foundation 2022, Medicaid and CHIP Payment and Access Commission, 2023; **Welfare**: The Urban Institute 2022, Center for Immigration Studies, 2024; **Emergency Shelter systems**: Center for Immigration Studies, 2024. **ESL programs**: MA Department of Elementary and Secondary Education, 2022 and EdBuild, 2021; **K-12 education**: Education Data Initiative, 2024.

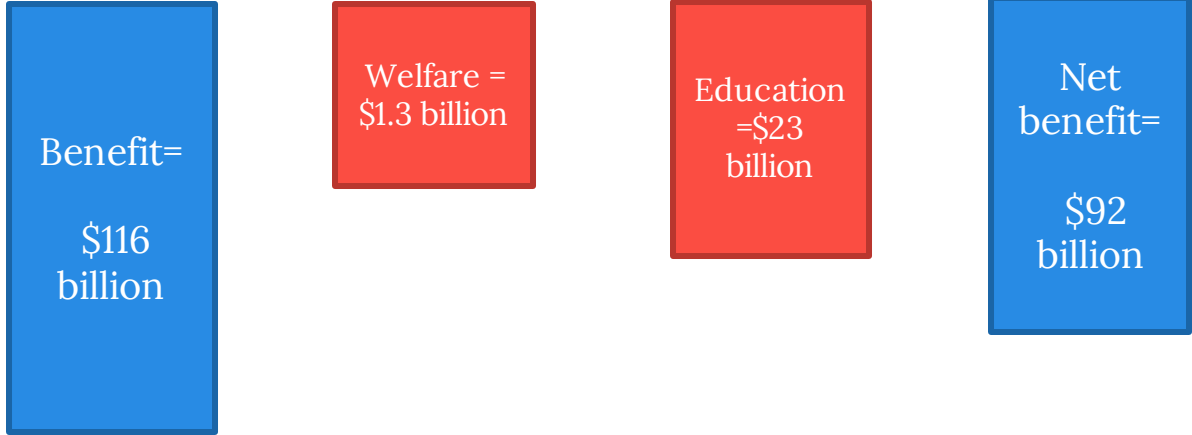


# BY THESE CALCULATIONS THE NET BENEFIT OF THE FOREIGN BORN TO MASSACHUSETTS IS OVER \$91 BILLION PER YEAR



## Net benefit

- **Net benefit** = \$116 billion economic output – \$24 billion education and welfare costs  
= \$92 billion



# CONTRIBUTIONS OF MASSACHUSETTS' FOREIGN BORN

---

- 1 Current Discussions on Economic Costs & Benefits
  -
- 2 **What the Current Discussion Misses: The Reproduction of Labor**
  -
- 3 Discussion

# But the mainstream argument treats the foreign born the same as the native born, when the foreign born actually arrive in the US with a stock of human capital



Anita



Paul

## In MA, the cost of education represents investment into future workers

- Total cost of 12 years of K-12 education = \$292, 320 per student\*

## But immigrants arrive with human capital already built in

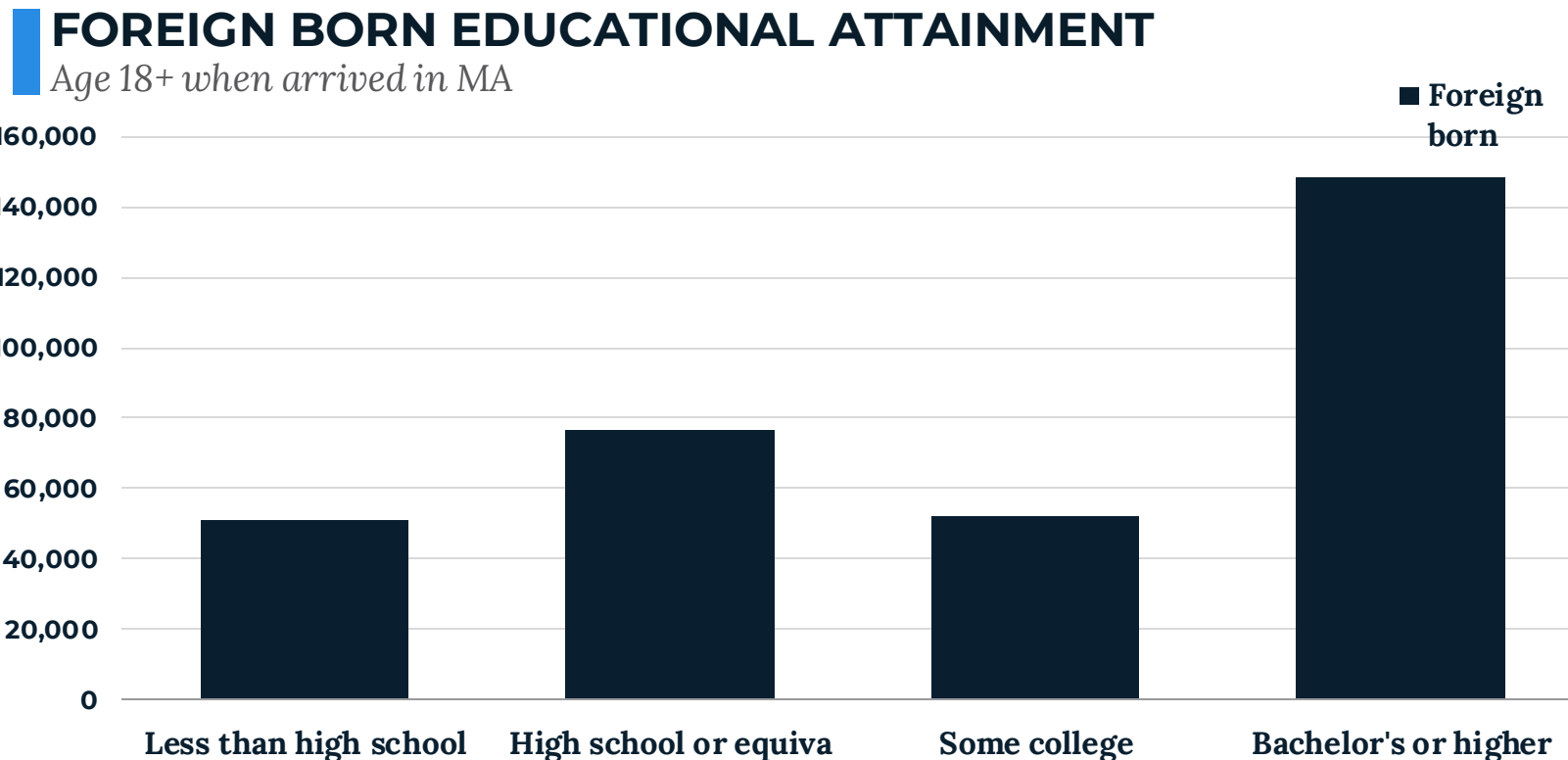
- The US pays \$292, 320 for native-born Anita's education (K-12).
- That \$292, 320 for Paul has been paid by his country of origin.

## This is a benefit (“subsidy”) to MA’s economy

- And, this subsidy only includes the cost of education, not the full cost of raising a child!

Source: Education Data Initiative, 2022. \*One year of K-12 education costs \$24, 360.

# WE CAN USE THE EDUCATION LEVEL OF IMMIGRANTS IN MASSACHUSETTS TO CALCULATE THE SIZE OF THE SUBSIDY



Source: ACS, 2022, City of Boston Planning Department Research Division Analysis.

# THE TOTAL FOREIGN EDUCATIONAL SUBSIDY TO MASSACHUSETTS PER CATEGORY IS:

---

**Less than high school:  
\$26 billion**



**High school:  
\$67 billion**

**Less than college:  
\$59 billion\***



**College:  
\$187 billion\***

**Total ~ \$340 billion!**

Sources: ACS, 2022, the Education Data Initiative, 2022 and the Department of Higher Education Data Center, 2022  
\* Includes K-12 education costs.

# WE CAN ALSO USE CENSUS DATA TO APPROXIMATE CHILDCARE COSTS MORE CONSERVATIVELY



Average Family Income per Capita in MA\*: **\$3,500**



Using family income per capita as the investment per year on a child:  
**\$3,500 x 18 (years) = \$63,000**



**Given most foreign-born individuals arrive as adults:**  
Total non-educational investment in immigrants  
= Foreign-born who arrived aged 18+\*\* x Cost of family investment  
= 884,901 x **\$63,000** ≈ **\$55 billion**

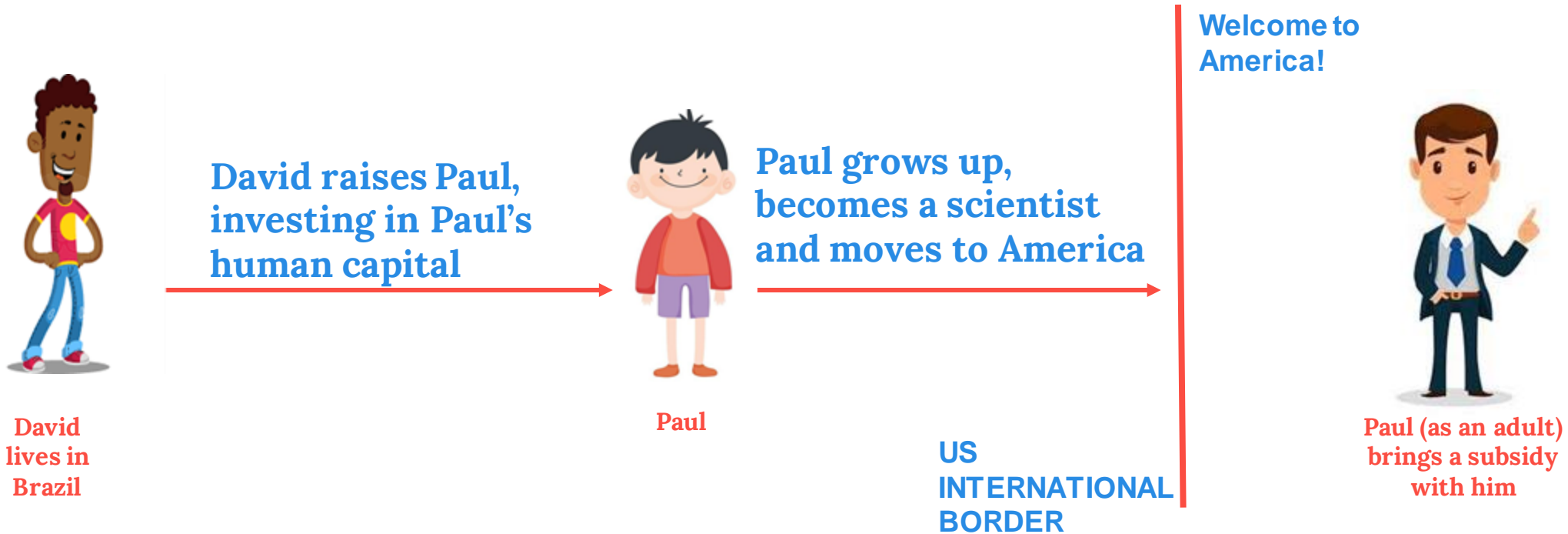
Source: ACS 2018-2022

\*Median income per capita for families with related children under the age of 18 present, divided by the number of people in the household.

\*\* Who arrived at least aged 18.

# HUMAN CAPITAL INVESTMENTS ARE MADE FROM ONE GENERATION TO THE NEXT, AND THIS SUSTAINS THE ECONOMY AND LABOR FORCE

---



**This represents the subsidy that Paul brings before he creates any cost or benefit to the state.**



# THE TOTAL SUBSIDY THAT IMMIGRANTS BRING IS SUBSTANTIAL

**Net Benefit =** (Benefits – Costs) + Educational Subsidy + non-Educational Subsidy

\$92 billion      \$340 billion      \$55 billion

**= ~ \$487 billion**

*The net benefit from conventional analysis is dwarfed by the human capital investments that immigrants arrive with!*

# Conclusion

---

- **This presentation highlights what the traditional cost and benefit analysis omits.**
- **It omits is the cost of reproducing the labor force – which is afforded by another society.**
- **The implication of this omission is that immigrant contributions are underestimated, because their human capital is unaccounted for.**

# Appendix/Extra Slides

---