
IMMIGRANT CONTRIBUTIONS TO MINNESOTA'S ECONOMY



ABOUT THE PARTNERSHIP FOR A NEW AMERICAN ECONOMY:

The Partnership for a New American Economy brings together more than 500 Republican, Democratic and Independent mayors and business leaders who support sensible immigration reforms that will help create jobs for Americans today. Visit www.renewoureconomy.org to learn more.

ABOUT THE MINNESOTA BUSINESS IMMIGRATION COALITION:

The Minnesota Business Immigration Coalition is a group of organizations who support comprehensive federal reform including secure borders. Each member of the MNBIC has recognized that as baby boomers retire and Minnesota's labor force growth slows, immigrants play an increasingly critical role in Minnesota's workforce and its overall economic growth. As a result, the MNBIC supports a reform package that modifies immigration policies without creating more obstacles for workers to connect with employers.

Download a full copy of the MNBIC's 2013 report "The Economic Contributions of Immigrants" here:
http://www.mnbic.org/images/letters/immigrantsinmn_13.pdf.

The Minnesota Business Immigration Coalition includes the Minnesota Chamber of Commerce, Minnesota Agri-Growth Council, Minnesota Nursery & Landscape Association, Hospitality Minnesota, Minnesota Milk Producers Association, Midwest Food Processors Association, Minnesota Restaurant Association, and Minnesota Lodging Association.

ABOUT AMERICAS SOCIETY/COUNCIL OF THE AMERICAS (AS/COA):

Americas Society/Council of the Americas (AS/COA) unite opinion leaders to exchange ideas and create solutions to the challenges of the Americas today. Americas Society (AS) fosters an understanding of the contemporary political, social, and economic issues confronting the Western Hemisphere. Council of the Americas (COA) is the premier international business organization whose members share a common commitment to economic and social development, open markets, the rule of law, and democracy. Recognizing the link between U.S. immigration and overall hemispheric relations, AS/COA launched its Immigration and Integration Initiative in 2007 to bring together key constituencies in new gateway cities and produce research on the economic benefit of immigrants in the United States. Learn more at www.as-coa.org/immigration-and-integration-initiative.

IMMIGRANT CONTRIBUTIONS TO MINNESOTA'S ECONOMY

Minnesota boasts a long history of welcoming immigrants. From the earliest days of statehood to today, immigrants from all over the world have come to Minnesota, adding to its prosperity and vitality through their economic and cultural contributions. Building upon the Minnesota Business Immigration Coalition's landmark report, "The Economic Contribution of Immigrants in Minnesota," this fact sheet provides an updated look at the growing—and crucial—role that Minnesota's immigrant communities play in strengthening the state's economy.

HOW IMMIGRANT EARNINGS SUPPORT THE STATE'S ECONOMIC GROWTH

The more income an immigrant family makes, the more it is able to contribute to the economy overall. Such added income is often reflected in a larger Gross Domestic Product (GDP) and tax base in the region where immigrants live, as well as strengthened national entitlement programs. That means the money families earn, or their purchasing power, is critical to a state's economic wellbeing. In this brief, we define purchasing power as the net household income available to a family after paying federal, state, and local taxes, or the disposable income of a given household.

This brief utilizes an updated method to calculate the purchasing power of immigrants that allows for a more detailed, and in-depth analysis of immigrant wages than was available in previous studies. This method of analyzing the income of immigrants produces a surprising finding: Although long recognized as an important part of Minnesota's economic picture, immigrants have far higher amounts of disposable income than has been reported before. Our work finds that the purchasing power of immigrants in Minnesota totaled more than \$7.7 billion in 2013 alone.¹

Immigrants also contribute more in tax contributions to Minnesota than previously realized, and do more to sustain critical entitlement programs like Social Security and Medicare. In 2013, immigrants in Minnesota contributed more than \$1.2 billion in state and local taxes, helping fund public services all over the state.² Immigrants also contributed more than \$1.5 billion to Social Security and Medicare through their wage and earnings contributions that year.³ The overall role of immigrants in the state's economy has also resulted in meaningful GDP gains in recent years. In 2012, immigrants contributed more than \$22.4 billion to the Minnesota's GDP. That means they accounted for 7.5 percent of the total GDP in the state that year.⁴

1. Purchasing power is calculated as aggregated household income, including wage, social security, supplementary security, and retirement income, minus the average federal, state, and local tax incidence for a household in Minnesota, or 28.9 percent of gross income.

2. Data on household incomes was derived from the 2013 American Community Survey. The estimated average federal tax incidence of 17.4 percent was taken from a 2001 Congressional Budget Office study. The 8 percent state and 3.5 percent local tax incidence estimate was taken from a 2013 Minnesota Department of Revenue report.

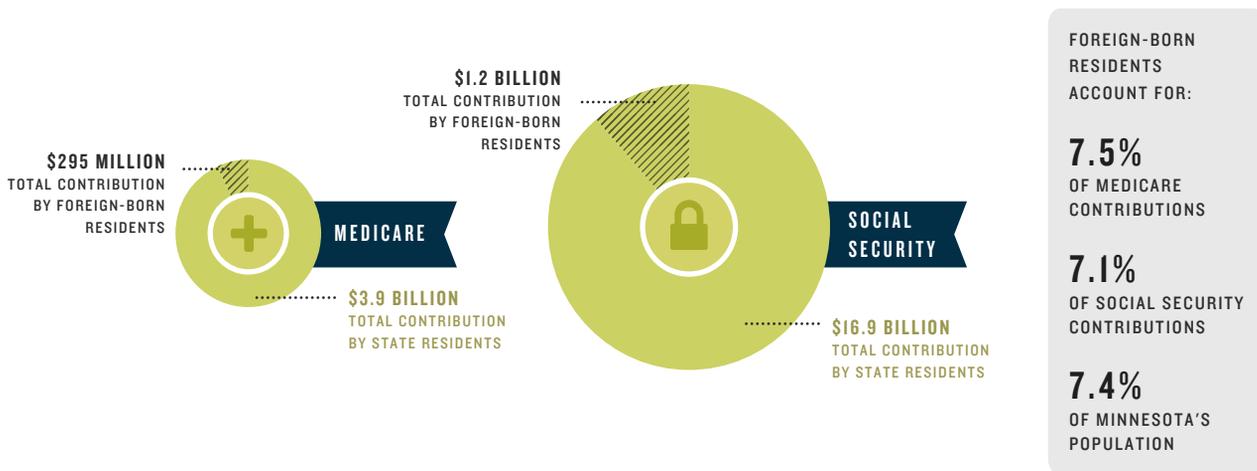
3. Adopting the methodology used in several other studies, such as the Center for American Progress' "Improving Lives, Strengthening Finances: The Benefits of Immigration Reform to Social Security" and the Partnership for a New American Economy's "Staying Covered: How Immigrants Have Prolonged the Solvency of One of Medicare's Key Trust Funds and Subsidized Care for U.S. Seniors," flat tax rates of 12.4 percent for Social Security contributions and 2.9 percent for Medicare contributions were used in tandem with estimates for aggregated foreign-born household income from wage earnings and Social Security income to calculate immigrant contributions to each fund.

4. These figures derive from the author's calculations based on 2008-2010 ACS PUMS sample immigrants' share of wage income and self-employment income (approx. 7.5%) and BEA (2014) Advance 2013 and Revised 1997-2012 Statistics of GDP by State, June 11.

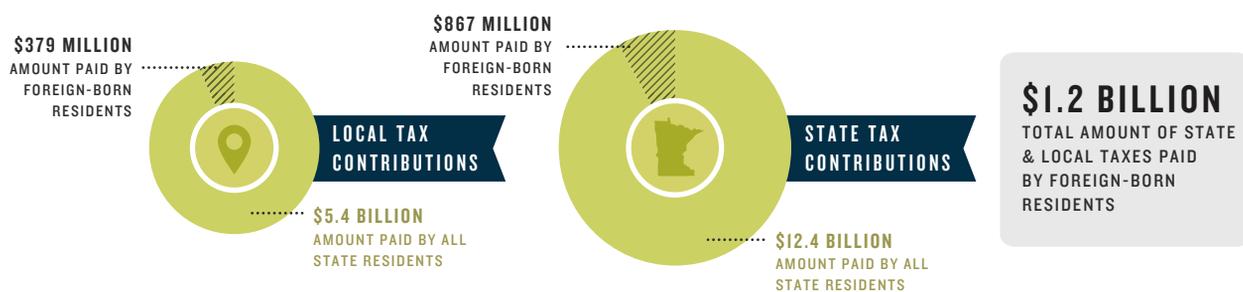
PURCHASING POWER OF SELECT POPULATIONS IN MINNESOTA, 2013



MEDICARE AND SOCIAL SECURITY CONTRIBUTIONS OF FOREIGN-BORN RESIDENTS, 2013



STATE AND LOCAL TAX CONTRIBUTIONS OF SELECTED MINNESOTA POPULATIONS, 2013

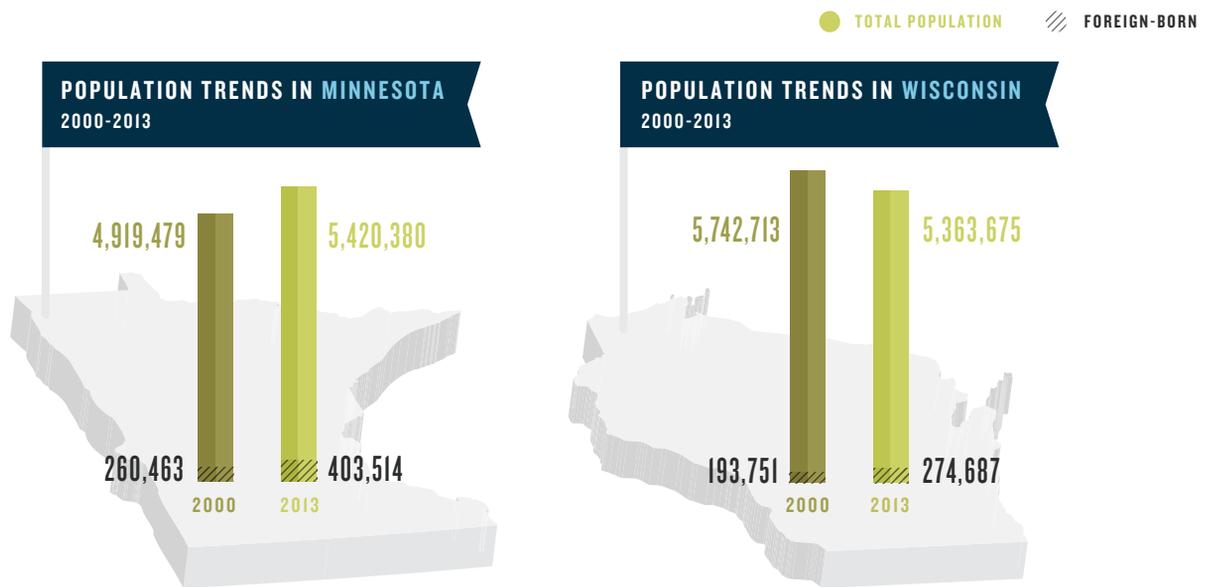


FOREIGN-BORN RESIDENT'S CONTRIBUTION TO MINNESOTA'S GROSS DOMESTIC PRODUCT, 2012



IMMIGRANTS HELP MINNESOTA'S POPULATION KEEP GROWING

Immigrants accounted for nearly 29 percent of Minnesota's population growth from 2000 to 2013. During that time, the foreign-born population grew from 260,463 people to 403,514—an increase of nearly 55 percent in a 13-year period. For comparison, that growth rate outpaced the trend in nearby Wisconsin, where 21 percent of population growth was due to immigrants, and the foreign-born population increased by a little over 41 percent during the same period. Given the large number of baby boomers retiring each year, such immigrants—who are younger on average—are critical to keeping states like Minnesota young, healthy, and growing.⁵



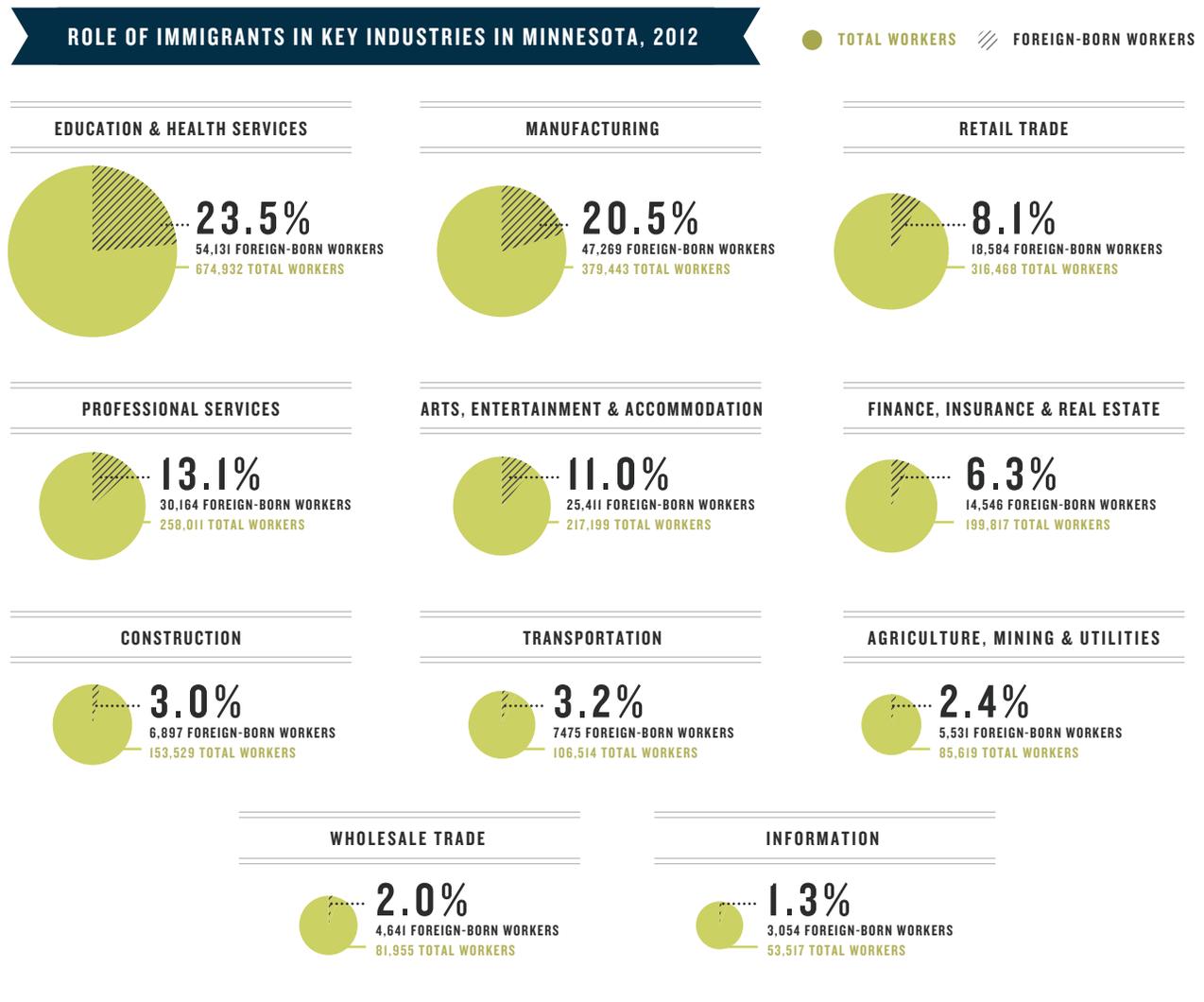
28.6% OF MINNESOTA'S POPULATION GROWTH IS DUE TO IMMIGRANTS, WHILE 21.4% OF WISCONSIN'S IS.



5. Dowell Myers, "Immigrants' Contributions in an Aging America," Communities and Banking (2008), http://csii.usc.edu/documents/myers_immigrants_contribution.pdf.

THE ROLE OF IMMIGRANTS IN THE LABOR FORCE

Immigrants punch above their weight class in some of Minnesota's largest industries. For instance, in manufacturing, the state's second-largest industry, more than one out of every five workers was foreign-born in 2012. In education and health services, the largest industry in the state, they made up almost one in every four workers that year. In other major sectors, including professional services (the fourth largest industry) and arts, entertainment, and accommodation (the fifth largest), they made up more than one in 10 workers that year.⁶ In such industries, immigrants often fill critical workforce gaps or bring with them specialized skills or training. In manufacturing in particular, immigrant workers often help fill critical workforce gaps. One 2011 study, for instance, found that 67 percent of manufacturing employers nationally reported having moderate to severe difficulty finding enough qualified, available workers to fill positions.⁷ Many rural parts of the state also have trouble finding enough qualified doctors or nurses to fill positions.⁸ Skilled immigrants often help fill such jobs, ensuring that firms like hospitals and parts manufacturers have the workforce they need to keep expanding on American soil, creating more positions for U.S.-born workers in the process. Such workforce challenges can slow down company expansion, and result in fewer jobs for all workers on U.S. soil.



6. All industry figures are derived from the authors' analysis of the 2008-2012 American Community Survey IPUMS sample.

7. Deloitte and the Manufacturing Institute, "Boiling Point? The Skills Gap in US Manufacturing" (2011). Available here: <http://www.themanufacturinginstitute.org/~media/A07730B2A798437D98501E798C2E13AA.ashx>.

8. Mike Cronin, MinnPost, "Minnesota Responds to Rural Doctor Shortage with Teams, Training, and Telemedicine," (Aug. 11, 2014). Available here: <http://www.minnpost.com/health/2014/08/minnesota-responds-rural-doctor-shortage-teams-training-telemedicine>.

TRAINING AND EDUCATION

Immigrants in Minnesota were more likely to hold a graduate or professional degree than the native-born population in 2013. We find that 14.7 percent of immigrants had such qualifications, compared to 10.5 percent of the state's U.S.-born residents. Following the national trend of immigrants clustering at the lower and higher ends of the skill spectrum, immigrants in Minnesota were also overrepresented in lower-skilled occupations that year as well. Nearly 15 percent of workers in service and production, transportation, and material-moving occupations were immigrants in 2013. In many industries, immigrants are filling jobs that Minnesotans either don't want or are not qualified to hold.

● TOTAL POPULATION ● NATIVE-BORN // FOREIGN-BORN

SHARE OF SELECT SKILL POPULATIONS IN MINNESOTA MADE UP OF FOREIGN-BORN RESIDENTS

HIGH SCHOOL OR LESS



GED, SOME COLLEGE, ASSOCIATE'S DEGREE



BACHELOR'S DEGREE



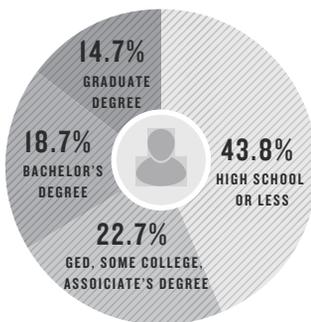
GRADUATE EDUCATION



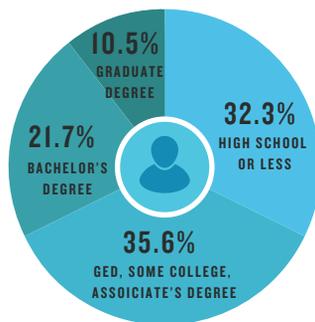
TOTAL AGED 25 AND ABOVE



EDUCATION BREAKDOWN OF MINNESOTA'S FOREIGN-BORN AND NATIVE-BORN



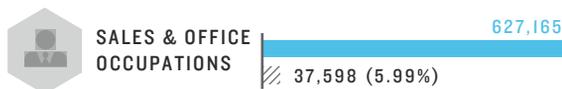
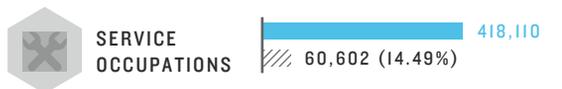
FOREIGN-BORN



NATIVE-BORN

<p>14.7% OF THE FOREIGN-BORN POPULATION HAS A GRADUATE DEGREE</p> <p>10.5% OF THE NATIVE-BORN POPULATION HAS SUCH TRAINING</p>	<p>43.8% OF THE FOREIGN-BORN POPULATION HAS A HIGH SCHOOL DEGREE OR LESS</p> <p>32.3% OF THE NATIVE-BORN POPULATION DOES</p>
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SHARE OF SELECT LOW-SKILLED OCCUPATIONS MADE UP OF FOREIGN-BORN RESIDENTS

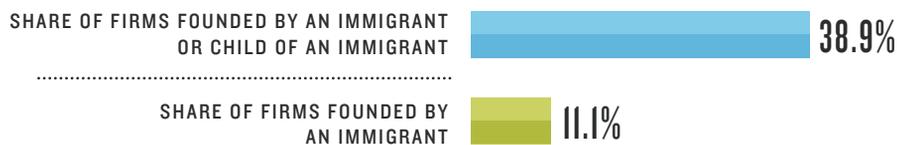


THE NEW AMERICAN FORTUNE 500 IN MINNESOTA

Minnesota has always had a proud tradition of being home to a large number of the country's major companies and employers. In 2014, the state was home to 18 Fortune 500 companies, placing it in the top 10 states with the most such firms in the country. Almost 40 percent of these firms were founded originally by an immigrant or the child of an immigrant. Together this list of companies, a group that includes 3M, Medtronic, and Hormel Foods, employs more than 264,000 people globally. They bring in more than \$100 billion in revenues each year.

Thrivent Financial, one of Minnesota's Fortune 500 firms, has in many ways a typical entrepreneurial immigrant story. Thrivent, a fraternal benefit society, was originally founded in 1902 by German immigrant Alfred Voecks and three other colleagues. Concerned about the well being of their fellow Lutherans, they banded together to build a financial services organization that would provide life insurance and protection to Lutheran families, many of whom had recently immigrated to America. Thrivent today serves a wide range of clients, and brings in \$8.1 billion in revenue each year.⁹

THE MINNESOTA NEW AMERICAN FORTUNE 500



REVENUE AND EMPLOYEES OF MINNESOTA FORTUNE 500 FIRMS FOUNDED BY IMMIGRANTS OR THEIR CHILDREN

\$104.34 BN



*FIRMS FOUNDED BY IMMIGRANTS OR CHILD OF AN IMMIGRANT

\$25.92 BN



*FIRMS FOUNDED BY IMMIGRANTS



264,524

FULL TIME EMPLOYEES IN FIRMS FOUNDED BY IMMIGRANTS OR THE CHILDREN OF IMMIGRANTS

68,565

FULL TIME EMPLOYEES IN FIRMS FOUNDED BY IMMIGRANTS

*Revenue in the last 12 Months

9. Our Heritage, Thrivent Financial [Website]. Accessed Oct. 22, 2014, available here: <https://www.thrivent.com/aboutus/ourorganization/history.html>.

HOW IMMIGRANTS SUPPORT THE STATE'S HOUSING MARKET

As the Partnership for a New American Economy (PNAE) and the Americas Society/Council of the Americas (AS/COA) have reported in past research, immigrants in many parts of the country play a valuable role maintaining—and increasing—housing values. This is because immigrants often move to areas formerly in decline. By occupying vacant housing units and playing roles in their communities as entrepreneurs and taxpayers, immigrants can often revitalize home values, and attract more native-born residents to the area. One 2013 study by PNAE and AS/COA, for instance, found that every time 1,000 immigrants arrive in a given county, an additional 270 native-born individuals move there in response within the next decade.¹⁰

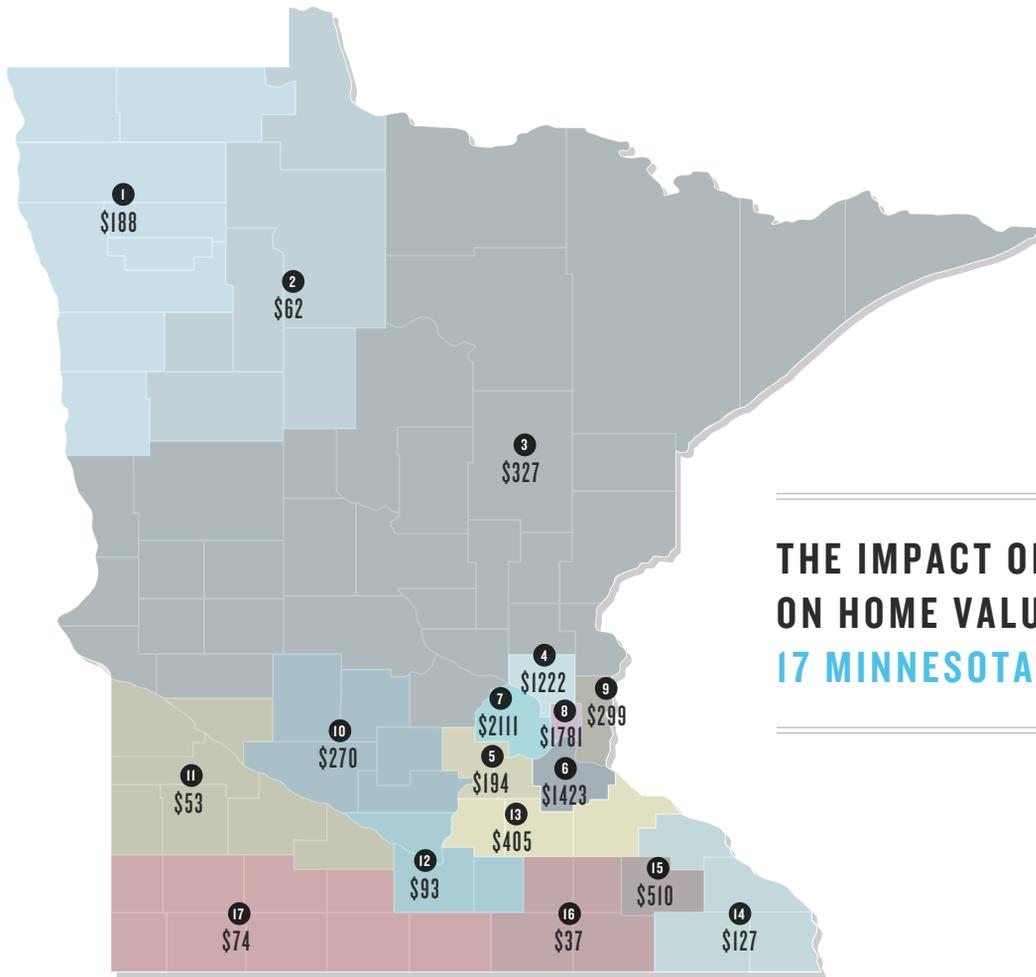
Looking at data from 2000-2012, we find that this same dynamic is at work in Minnesota. During that period, the share of homeowners in Minnesota who were immigrants grew from 3.3 percent to almost 5 percent. A breakdown of 17 areas within the state shows that in many areas this resulted in a meaningful increase in housing values between 2008 (the height of the housing crisis) and 2012.¹¹ On average, adding one immigrant to a Minnesota county during that period raised the value of the average home there by 12.4 cents.¹² Although that figure sounds small on its face, when multiplied by the number of immigrants arriving in a given area, it can result in meaningful increases. In some parts of the state, most notably the Hennepin County area around Minneapolis, the value of the average home rose by more than \$2,000 between 2008 and 2012 due solely to the arrival of immigrants. In other areas that saw an outflow of immigrants, housing values fell by more than \$1,200 during that period, compounding the impact of the financial crisis.



10. Jacob Vigdor, Partnership for a New American Economy and Americas Society/Council of the Americas, "Immigration and the Revival of American Cities" (Sept. 12, 2013). Accessed Oct. 22, 2014, available here: <http://www.renewoureconomy.org/research/immigrants-boost-u-s-economic-vitality-through-the-housing-market/>.

11. Data for these estimates are derived from the 2008 and 2012 American Community Survey Public Use Micro Sample (PUMS) available at census.gov. Median house values are expressed in 2013 dollars.

12. Data for these estimates are derived from the 2008 and 2012 American Community Survey Public Use Micro Sample (PUMS) available at census.gov. Median house values are expressed in 2013 dollars.



THE IMPACT OF IMMIGRANTS ON HOME VALUES IN 17 MINNESOTA AREAS¹³

ARE ¹⁴	MEDIAN HOME PRICES 2012	MEDIAN HOME PRICES 2008	CHANGE IN FOREIGN BORN SINCE 2008	MEDIAN HOME PRICES WITHOUT IMMIGRANT CONTRIBUTION
1	\$126,831	\$129,844	1516	\$126,643
2	\$152,197	\$162,305	504	\$152,135
3	\$152,197	\$183,946	-2642	\$152,525
4	\$177,563	\$248,868	-9859	\$178,785
5	\$243,515	\$308,380	1568	\$243,321
6	\$202,930	\$260,770	11481	\$201,507
7	\$202,930	\$270,509	17037	\$200,818
8	\$182,637	\$243,458	14368	\$180,856
9	\$228,296	\$281,329	2411	\$227,997
10	\$142,051	\$162,305	2176	\$141,781
11	\$121,758	\$108,203	431	\$121,704
12	\$152,197	\$183,946	-754	\$152,291
13	\$192,783	\$216,407	3272	\$192,378
14	\$147,124	\$162,305	1028	\$146,997
15	\$182,637	\$183,946	4115	\$182,127
16	\$126,831	\$143,911	-296	\$126,868
17	\$95,377	\$91,973	595	\$95,303

13. The housing data are derived directly from US Census geographic classifications of PUMAs (Public Use Microdata Areas). In some cases we have aggregated the PUMAs so they are comparable across years, due to Census re-classification of PUMAs in 2010. The smaller sample and relatively few observations in smaller geographic regions do not allow us to breakdown the regions into smaller geographic areas.

14. See appendix A for a breakdown of the geographic areas, expressed in 2013 dollars.

CONCLUSION

The contributions that immigrants make to Minnesota are as diverse as the state's immigrant populations themselves. Their impact as taxpayers and workers can be felt in a whole range of sectors of our economy and our state—from the jobs in the workforce that go filled because of their unique skill sets to the major Fortune 500 firms that wouldn't exist without their creativity and entrepreneurial vision. This brief makes clear that immigrants are a critical part of Minnesota's success story. Our ability to succeed depends in part on the ability of new generations to come here, and like those immigrants before them, continue to achieve the American dream.

APPENDIX A

LIST OF COUNTIES IN GEOGRAPHIC AREAS

The areas consist of PUMAs (Public Use Microdata Areas) and/or aggregate PUMAs, which comprise one or more counties, as classified by the US Census.

AREA 1

Clay County
Kittson County
Marshall County
Norman County
Pennington County
Polk County
Red Lake County
Roseau County

AREA 2

Becker County
Beltrami County
Clearwater County
Hubbard County
Lake Of The Woods County
Mahnommen County

AREA 3

Aitkin County
Benton County
Big Stone County
Carlton County
Cass County
Chisago County
Cook County
Crow Wing County
Douglas County
Grant County
Isanti County
Itasca County
Kanabec County
Koochiching County
Lake County
Mille Lacs County
Morrison County
Otter Tail County

Pine County
Pope County
Sherburne County
St. Louis County
Stearns County
Stevens County
Swift County
Todd County
Traverse County
Wadena County
Wilkin County
Wright County

AREA 4

Anoka County

AREA 5

Scott County
Carver County

AREA 6

Dakota County

AREA 7

AREA 8

Ramsey

AREA 9

Washington County

AREA 10

Kandiyohi County
McLeod County
Meeker County
Renville County
Sibley County

AREA 11

Brown County
Chippewa County
Lac qui Parle County
Lincoln County
Lyon County
Redwood County
Yellow Medicine County

AREA 12

Blue Earth County
Nicollet County
Waseca County

AREA 13

Goodhue County
Le Sueur County
Rice County

AREA 14

Fillmore County
Houston County
Wabasha County
Winona County

AREA 15

Olmsted County

AREA 16

Dodge County
Freeborn County
Mower County
Steele County

AREA 17

Cottonwood County
Faribault County
Jackson County
Martin County
Murray County
Nobles County
Pipestone County
Rock County
Watonwan County



**Minnesota Business
Immigration Coalition**

AS / COA