

DAVID J. BIER, MICHAEL HOWARD, AND JULIÁN SALAZAR

Immigrants' Recent Effects on Government Budgets: 1994-2023



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Executive Summary

Recent increases in immigration have rekindled concerns about their effects on government budgets. This paper updates a model of these effects first developed by the National Academies of Sciences, Engineering, and Medicine (NAEM) to shed light on how immigrants, both legal and illegal, and their children affect government budgets. This analysis is the first to estimate the cumulative fiscal effect of immigrants on federal, state, and local budgets over 30 years.

The government first began gathering detailed information on benefits use by citizenship status in 1994. The data show:

- For each year from 1994 to 2023, the US immigrant

population generated more in taxes than they received in benefits from all levels of government.

- Over that period, immigrants created a cumulative fiscal surplus of \$14.5 trillion *in real 2024 US dollars*, including \$3.9 trillion in savings on interest on the debt.
- Without immigrants, US government public debt at all levels would be at least 205 percent of gross domestic product (GDP)—nearly twice its 2023 level.

These results, which do not account for any of immigration's indirect, tax-revenue-boosting effects on economic growth, represent the lower bound of the positive fiscal effects. Even by this conservative analysis, immigrants may have already prevented a fiscal crisis.



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Introduction

This report is an update of a 2017 report by the National Academies of Sciences, Engineering, and Medicine (NASEM) on the fiscal effects of immigration.¹ The NASEM authors shared their model with the Cato Institute, which allowed for further expansion and refinement. The model provides a comprehensive estimate of the fiscal flows to and from immigrants, both legal and illegal, in the United States and utilizes the highest quality data available from the US government. It accounts for current government expenditures and receipts (revenue), both direct and indirect spending, as well as all levels of government (federal, state, and local).

The primary data source for the NASEM–Cato model is the Annual Social and Economic Supplement from the US Census Bureau’s Current Population Survey.² In this report, we make a few methodological refinements and data improvements to the NASEM model. Among other things, we use the most up-to-date research on the distribution of corporate tax payments between workers and owners of corporations,³ and we account for how immigration increases property values and therefore property tax revenue.⁴ We also incorporate all nontax revenues; improve the methodology for identifying benefits’ use in mixed-status (i.e., containing both citizens and noncitizens) households; improve the estimates for Medicare and Medicaid benefits received; and provide evidence supporting the NASEM estimates that do not assume immigrants increase spending on pure public goods (e.g., the military). The Appendix (and specifically the List of Variables in the Fiscal Effects Model) exhaustively detail our full methodology and data sources.

In this report, we update the NASEM historical analysis through 2023, the most recent year for which all the data were available when we prepared this analysis. Our purpose is only to report what has actually happened with government budgets and immigrants to this point. Cato Institute research has previously produced forward-looking estimates of the fiscal effects of immigrants, which are compatible with our conclusions here.⁵ Whatever the

future holds—and we believe our estimates show it is bright—most Americans incorrectly believe that immigrants have *already* caused US budget deficits,⁶ and this belief appears to contribute to negative views about immigrants.⁷

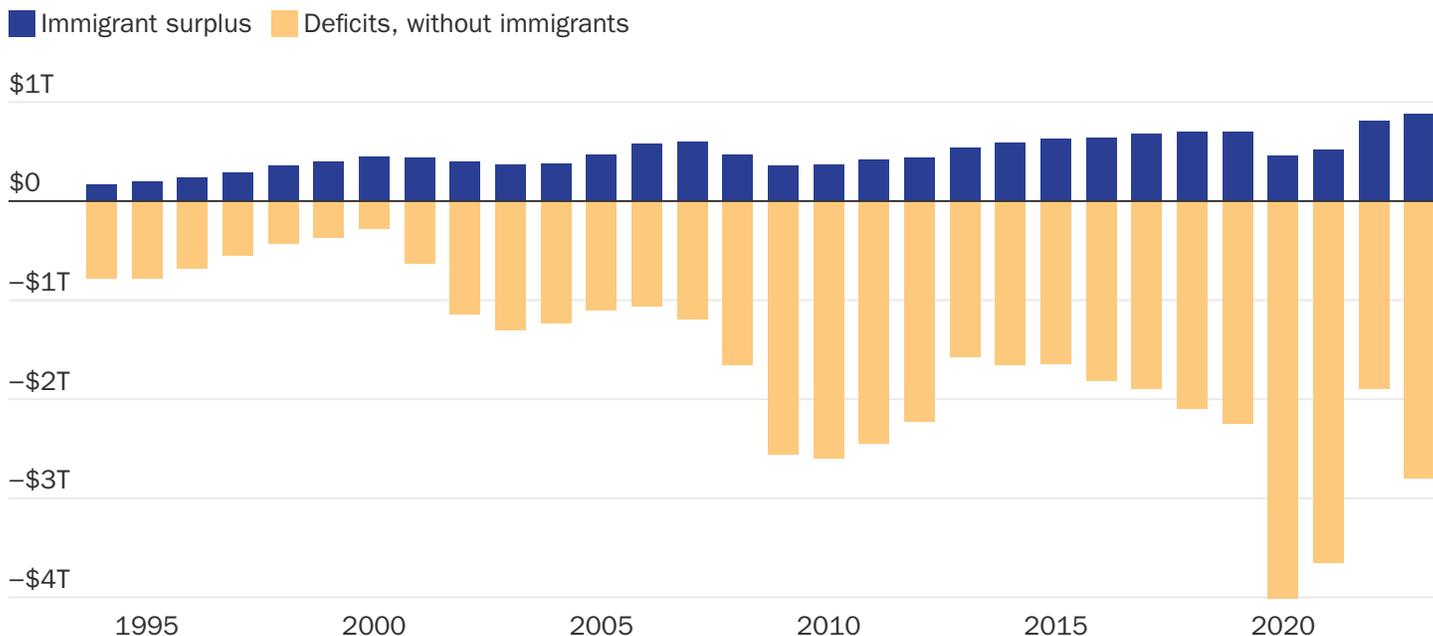
The NASEM–Cato model shows the following:

- Every year from 1994 to 2023, immigrants have paid more in taxes than they received in benefits.
- Immigrants generated nearly \$10.6 trillion more in federal, state, and local taxes than they induced in total government spending.
- Accounting for savings on interest payments on the national debt, immigrants saved \$14.5 trillion in debt over this 30-year period.
- Immigrants cut US budget deficits by about a third from 1994 to 2023, and fiscal savings grew to \$878 billion in 2023 (Figure 1).
- Noncitizens accounted for \$6.3 trillion of the \$14.5 trillion debt savings.
- College graduate immigrants accounted for \$11.7 trillion in savings, while non-college graduates accounted for \$2.8 trillion.
- The cohort of immigrants entering from 1990 to 1993, just before data collection began in 1994, was fiscally positive \$1.7 trillion, and was still positive after 30 years in 2022–2023 (Table 1).
- Even including the second generation (see Box 1 for definitions), who are mostly still children who will become taxpayers soon, the fiscal effect of immigration was positive every year.
- Immigrants in all categories of educational attainment, including high school dropouts, lowered the ratio of deficit to gross domestic product (GDP) during the 30-year period.
- Without the contributions of immigrants, public debt at all levels would already be above 200 percent of US GDP—nearly twice the 2023 level and a threshold some analysts believe would trigger a debt crisis.⁸

Figure 1

Immigrants' fiscal surplus has grown even as deficits have exploded

Net fiscal impact, immigrants and US population without immigrants, 2024 dollars, 1994–2023



Source: Calculations are based primarily on the Annual Social and Economic Supplements of the US Census Bureau's Current Population Survey for March 1994–2023. See Appendix for full details.

Note: Includes interest savings from reduced debt in prior years.

Table 1

Fiscal flows for immigrants by citizenship status and educational attainment, 1994–2023

	Benefits received	Taxes paid	Net fiscal flow	Interest savings	Total impact
All immigrants	\$13.6T	\$24.2T	\$10.6T	\$3.9T	\$14.5T
1990–1993 cohort	\$1.1T	\$2.4T	\$1.3T	\$397.7B	\$1.7T
Naturalized citizens	\$7.4T	\$13.4T	\$6.0T	\$2.1T	\$8.1T
Noncitizens	\$6.2T	\$10.8T	\$4.6T	\$1.7T	\$6.3T
College	\$3.9T	\$12.7T	\$8.8T	\$2.8T	\$11.7T
Noncollege	\$9.7T	\$11.5T	\$1.8T	\$1.0T	\$2.8T

Sources: Calculations are based primarily on the Annual Social and Economic Supplements of the US Census Bureau's Current Population Survey for March 1994–2023. See Appendix for full details.

Note: All amounts are in inflation-adjusted 2024 dollars.

Our results represent the lowest possible fiscal surplus that immigrants provide to US government budgets. This is because the NASEM–Cato model is a static accounting model that does not include indirect economic effects of immigration, such as improving the productivity of US workers.⁹ For instance, the Congressional Budget Office (CBO) estimates that one-third of the fiscal surplus from the surge of immigration from 2021 to 2024 came from indirect economic effects,¹⁰ but none of these revenues can be attributed to immigrants in the NASEM–Cato model, as we are only tracing accounting payments to and from immigrants, not modeling the entire economy. The model also does not account for how accruing less debt would have reduced interest rates on debt, enhancing the savings on interest payments.¹¹

Box 1

Immigrant definitions

Immigrants/first generation: Foreign-born persons, including legal and illegal noncitizens and naturalized citizens. This category excludes those born abroad to American citizens, who are granted citizenship at birth.

Noncitizens: Immigrants without US citizenship, including legal and illegal immigrants.

Second generation: US-born persons with at least one first-generation parent.

Third-plus generation: US-born persons (including those born in US outlying areas such as Puerto Rico and Guam) of two US-born parents as well as those born abroad to American citizens and who are granted citizenship at birth.

Why Immigrants Were Fiscally Positive

The US government spends more than it receives in taxes and other revenue, so many people believe that deporting a person with average characteristics would improve the deficit. They reason that, with fewer US residents, there would be a commensurate decrease in government spending and thus a lower deficit.

However, a significant portion of government spending consists of items that do not causally increase or decrease with population. For instance, the US military, nuclear arsenal, and NASA spaceflight would remain the same regardless of whether the US population grew or shrank by a million people. In this analysis, we call these items “pure public goods” and refer to all other spending as “benefits.” Pure public goods are mainly national defense and interest payments on debt accrued before the immigrants arrived.¹² As we explain in more detail in the Appendix, immigrants may benefit from this spending, but they do not require the government to spend more on these items. Indeed, immigrants may even decrease these costs for the US-born by lowering interest rates and decreasing

military recruitment costs. And they certainly ease the fiscal load on the US-born, because immigrant taxpayers help shoulder the fiscal burden of these expenditures.

IMMIGRANT PUBLIC REVENUES AND EXPENDITURES

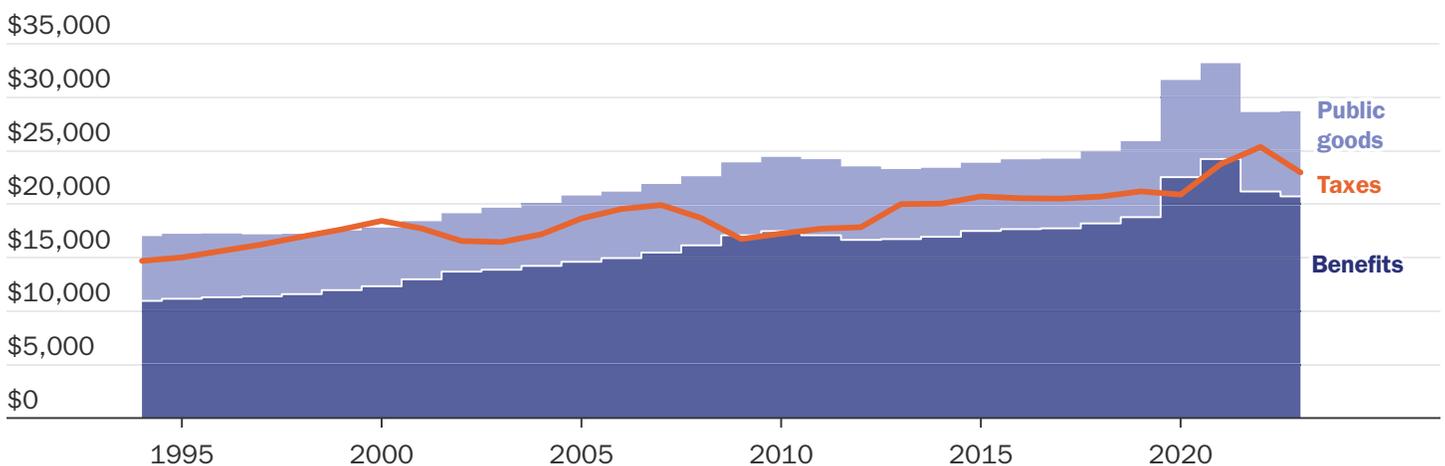
From 1994 to 2023, per capita tax revenue outstripped per capita spending on government benefits—that is, spending excluding pure public goods (Figure 2). Thus, an additional person with average characteristics was fiscally positive, generating more revenue than spending in each of the 30 years except four (2009, 2010, 2020, and 2021). Therefore, as long as government expenditures and receipts for immigrants were not significantly different from the average person, that person must also have been fiscally positive. In fact, the NASEM–Cato model shows that immigrants generate higher-than-average tax revenues overall and trigger lower-than-average government expenditures.

Tax revenues: For tax receipts, immigrants accounted

Figure 2

The average US person pays more in taxes than they receive in benefits

Real per capita taxes and spending on benefits (non-pure public goods), 1994–2023



Source: “National Data: National Income and Product Accounts,” Bureau of Economic Analysis, last revised September 2025.

Note: All dollar values are real inflation-adjusted 2024 dollars.

for a higher share of revenue than their share of the population, indicating that they generated more taxes than the average person, who, as noted earlier, already pays more in taxes than they receive in benefits. The primary reason per capita immigrant tax revenues were higher than average was that they accounted for a disproportionately higher share of total earned income (Figure 3).¹³ This gap has developed and grown over the last 30 years.

Immigrants accounted for more US income and generated more revenue for the government because they were, on average, over 12 percentage points more likely to be employed than the US-born population (Figure 4). This means that even if immigrants earn lower *hourly* wages, they can still account for more total income per capita than the US-born population by working cumulatively more hours. This higher employment rate was driven by the fact that immigrants were, on average, 20 percentage points more likely to be of working age (Figure 5). Immigrants usually arrive in the US as young adults and often leave before retirement.

The NASEM–Cato model shows that throughout the entire 1994–2023 period, immigrants consumed much less in government benefits than their share of the population

would predict, and the gap has grown (Figure 6). In 1994, the immigrant share of government expenditures was 18 percent below their share of the population; in 2023, it was 25 percent below.

In fact, the average immigrant consumes about the same as, or less than, the average US citizen for every broad type of government expenditure throughout the entire 30-year period. Federal, state, and local government spending can be divided into the following six categories:

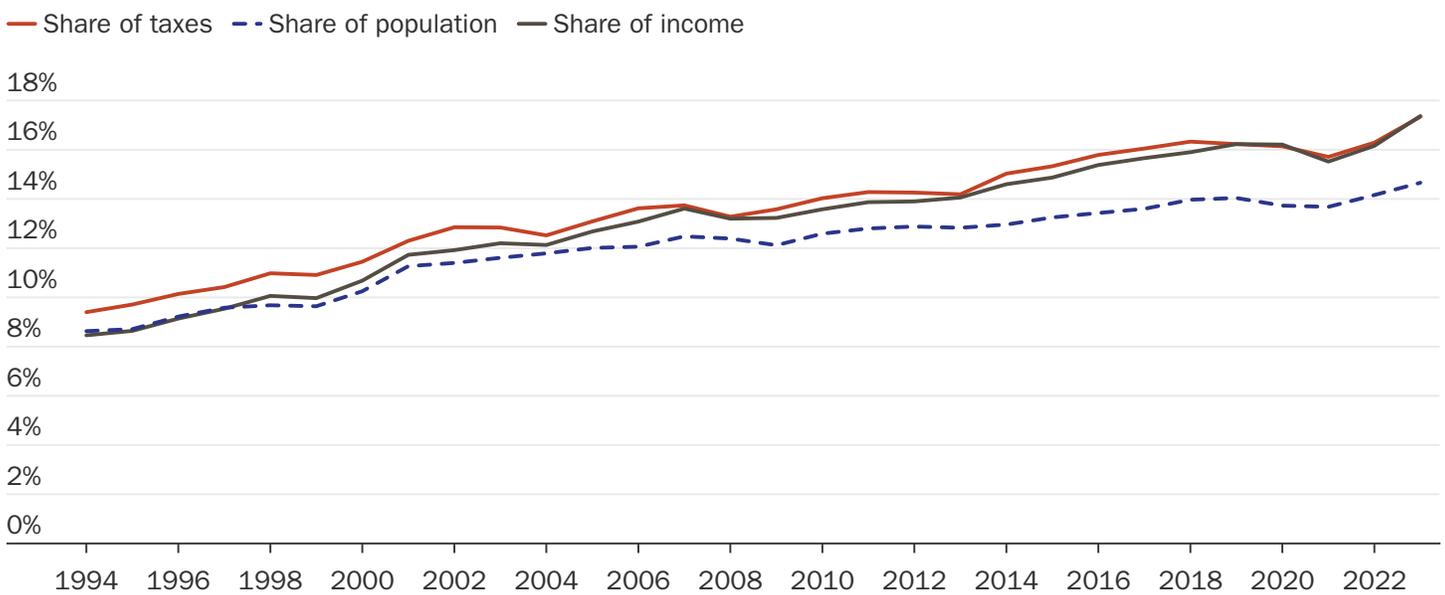
1. pure public goods (29 percent of spending from 1994 to 2023);
2. old-age benefits (28 percent);
3. needs-based benefits (16 percent);
4. education (14 percent);
5. felony policing, courts, and prisons (3 percent); and
6. all other spending (10 percent).¹⁴

As explained earlier, immigrants do not add anything to the costs of pure public goods—the single largest category of spending, defined as costs that do not increase with population growth. In addition, immigrants impose

Figure 3

Immigrants generate more income and taxes than the average person

Immigrant share of population, earned income, and taxes generated, 1994–2023

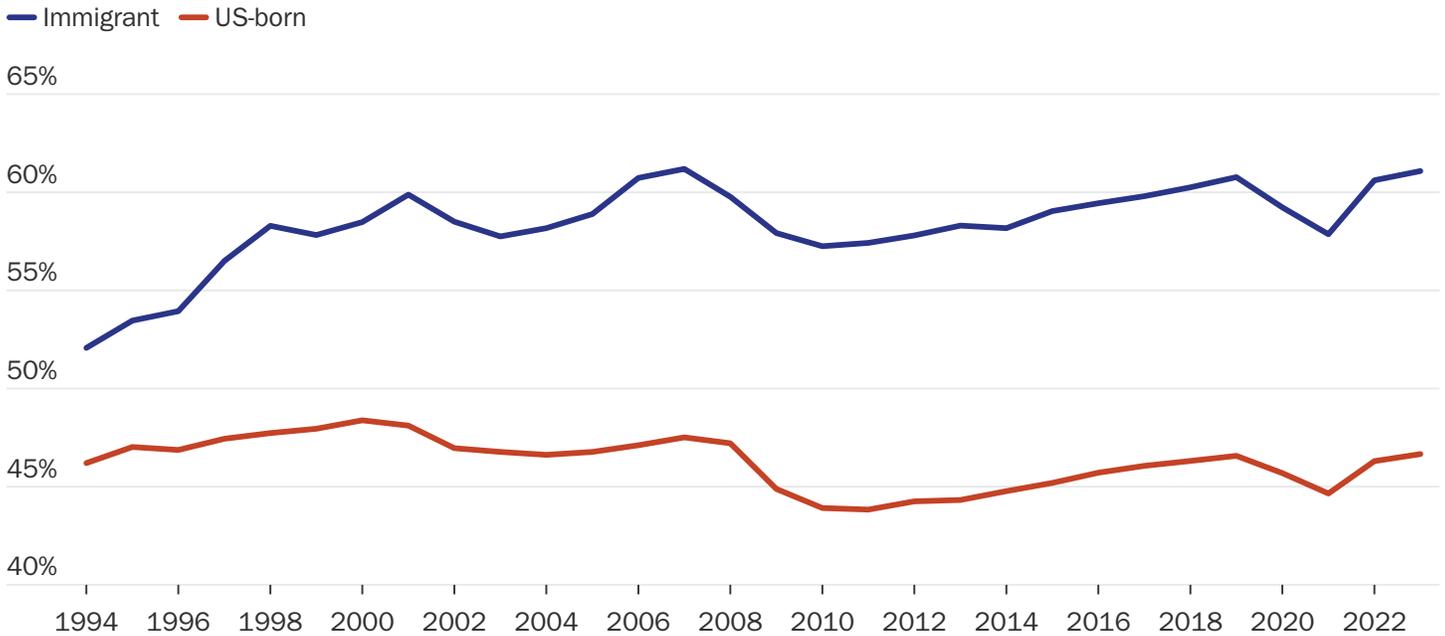


Source: Calculations are based primarily on the Annual Social and Economic Supplements of the US Census Bureau's Current Population Survey for March 1994–2023. See Appendix for full details.

Figure 4

Immigrants are much more likely to be employed

Share of total employment by nativity, all ages

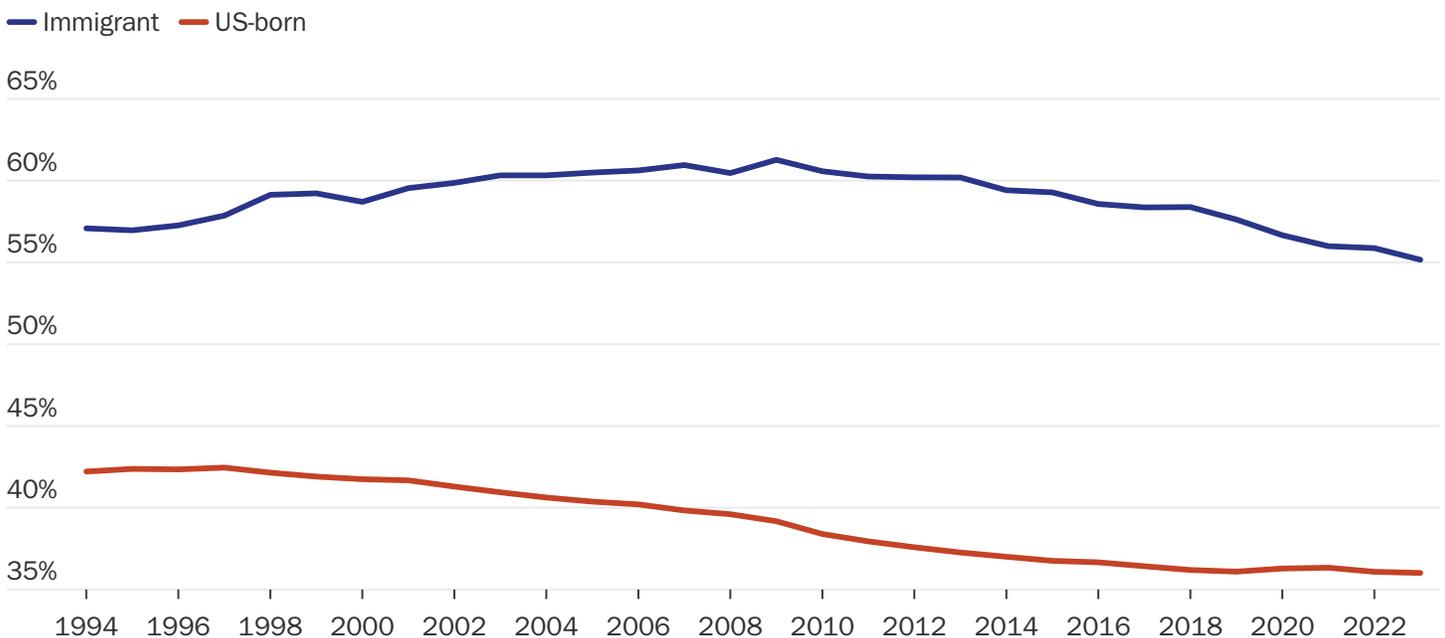


Source: Calculations are based primarily on the Annual Social and Economic Supplements of the US Census Bureau’s Current Population Survey for March 1994–2023. See Appendix for full details.

Figure 5

Immigrants are much more likely to be of working age

Immigrant and US-born share of population aged 25–54



Source: Calculations are based primarily on the Annual Social and Economic Supplements of the US Census Bureau’s Current Population Survey for March 1994–2023. See Appendix for full details.

significantly lower costs associated with old-age benefits, education, and prisons (Figure 7).

Old-age benefits: Immigrants imposed 34 percent lower costs per capita than the US average for old-age benefits: Social Security (31 percent less), Medicare (20 percent less), and government pensions and retirement (64 percent less). Immigrants were only slightly underrepresented among the over-65 population (Figure 8), so the main explanation for the gap is that the law limits Social Security and Medicare to those with a qualifying work history in the United States who are also lawfully present in the United States.¹⁵ Many immigrants arrive after already having reached working age. Almost as important is the fact that immigrants were only about half as likely to work for the government, so they consume 64 percent less of exceedingly expensive government pensions than the average resident.¹⁶ Finally, immigrants consume 20 percent less Medicare per capita, partly because of immigration status requirements and work history, but also because immigrants are in better health than the US-born population.¹⁷

Needs-based benefits: Immigrants imposed close to

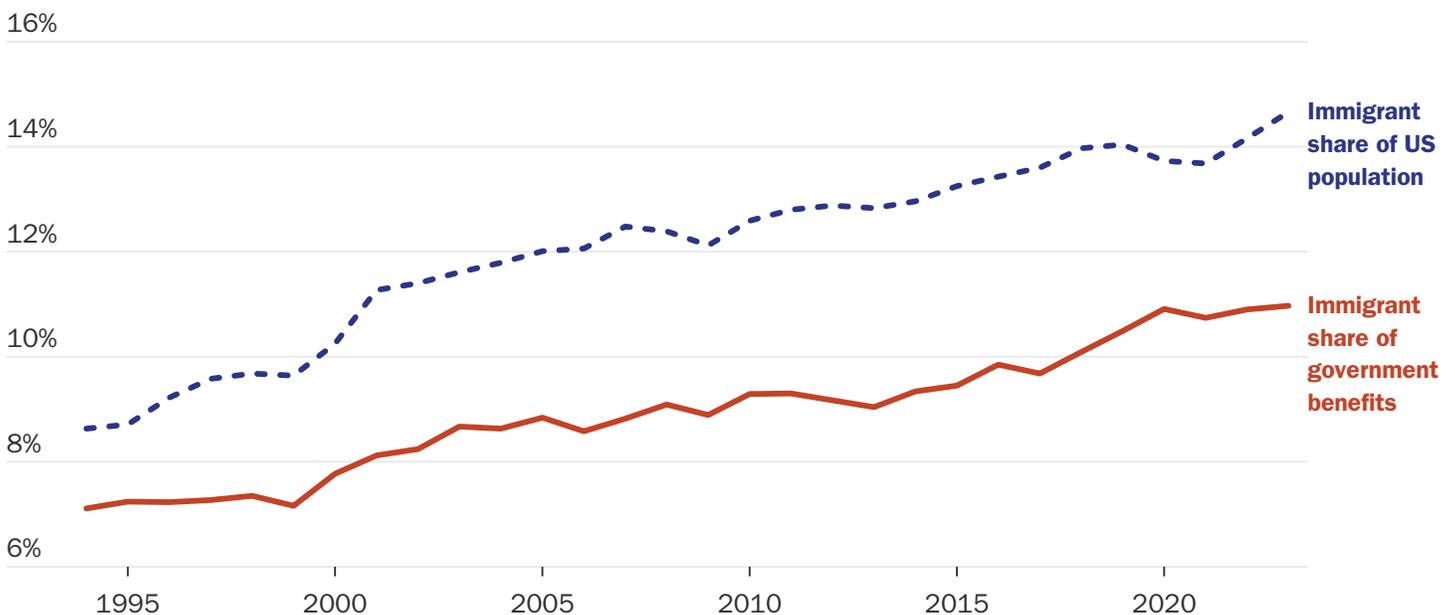
the average cost for needs-based programs, with Medicaid, food assistance, unemployment insurance, and refundable tax credits being the largest components.¹⁸ In the absence of immigration status rules, immigrants would likely have cost the government more in needs-based spending. This is because they were more likely to be living in poverty (Figure 9), and there were also special benefits provided only to refugees and some asylum seekers. However, immigrants must generally have lawful permanent residence for at least five years to qualify for these programs, at least at the federal level, and most states maintain that limit as well.¹⁹ Again, immigration status requirements are effective in reducing immigrants' use of benefits, and the One Big Beautiful Bill (Public Law 119-21), enacted in July 2025, will further limit benefits to noncitizens.²⁰

Education: Immigrants cost the US education system 50 percent less per capita than the US population overall. Because of special programs for English-language learners, immigrants *in school* can be more expensive than other students in school. But because immigrants are much less likely to be in school, they cost the system

Figure 6

Immigrants consume fewer government services

Immigrants' share of government benefits and share of US population, 1994–2023

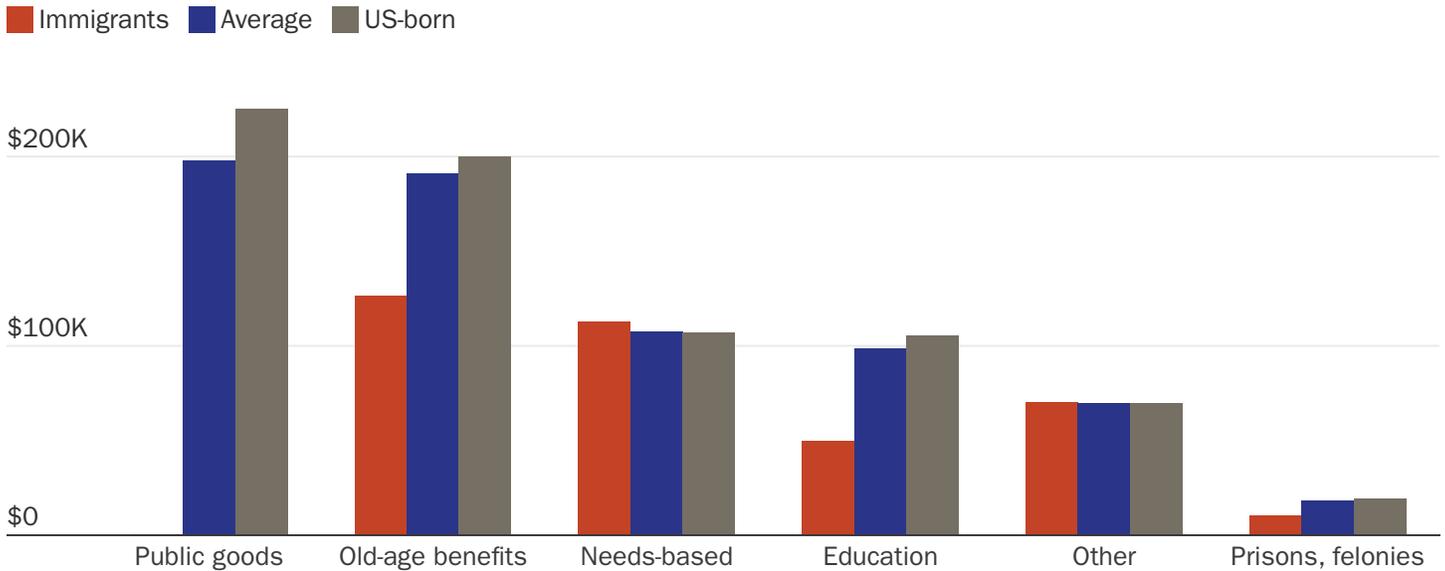


Sources: Calculations are based primarily on the Annual Social and Economic Supplements of the US Census Bureau's Current Population Survey for March 1994–2023; and "National Data: National Income and Product Accounts," Bureau of Economic Analysis, last revised September 2025. See Appendix for full details.

Figure 7

Immigrants cost less per capita than the average for the US population

Per capita government expenditures, US average and immigrant average, 1994–2023



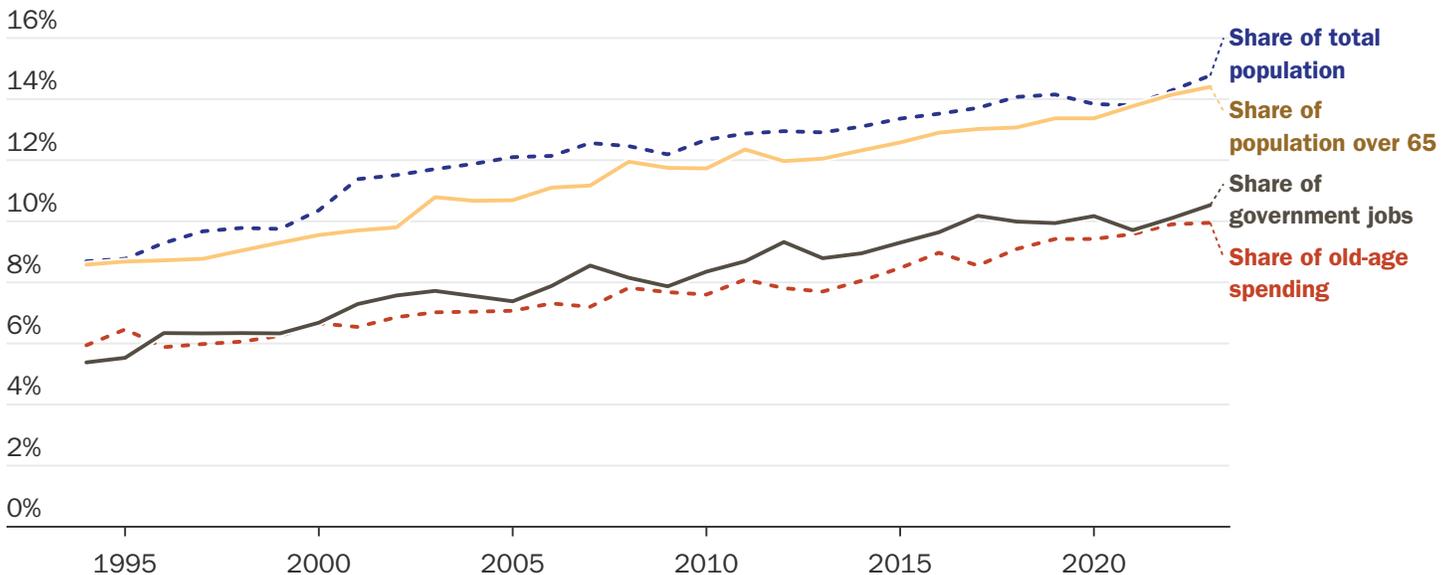
Sources: Calculations are based primarily on the Annual Social and Economic Supplements of the US Census Bureau’s Current Population Survey for March 1994–2023; and “National Data: National Income and Product Accounts,” Bureau of Economic Analysis, last revised September 2025. See Appendix for full details.

Note: All amounts are in inflation-adjusted 2024 dollars.

Figure 8

Immigrants use old-age benefits less frequently because fewer public pensions are available to them, and because of legal status rules, not because of their age

Immigrant share of old-age spending, share of total and over-65 population, share of government jobs, 1994–2023



Sources: Calculations are based primarily on the Annual Social and Economic Supplements of the US Census Bureau’s Current Population Survey for March 1994–2023; and “National Data: National Income and Product Accounts,” Bureau of Economic Analysis, last revised September 2025. See Appendix for full details.

much less overall. Most immigrants arrive in the US after they have completed their schooling. Moreover, in higher education in most states, illegal immigrants usually must pay full tuition.²¹ At the same time, most noncitizens enrolled in institutions of higher education are international students,²² and each international student at public universities covers the cost of enrolling two other students.²³ As a result, immigrant students impose lower costs per student in higher education (Figure 10).

Throughout this paper, we use “immigrants” to refer only to people who were noncitizens at birth. Of course, immigrants have US-born children who attend schools, but those children are natural-born Americans, not immigrants; attributing their costs to the “immigrant” category would be inaccurate and would incorrectly lower the cost of the US-born population. It would also obscure the comparison with the US-born population. Finally, treating the second generation as immigrants would lead to an inaccurate perception regarding the ability of Congress to restrict benefits to immigrants specifically. Regardless, as we show in a later section, the second generation is America’s most fiscally

positive generation at any given age, meaning that children of immigrants will pay for their costs in the future once they graduate. In any case, we also show that despite the initial net costs of their children, immigrants with their children still reduced the deficit significantly during the period 1994–2023.

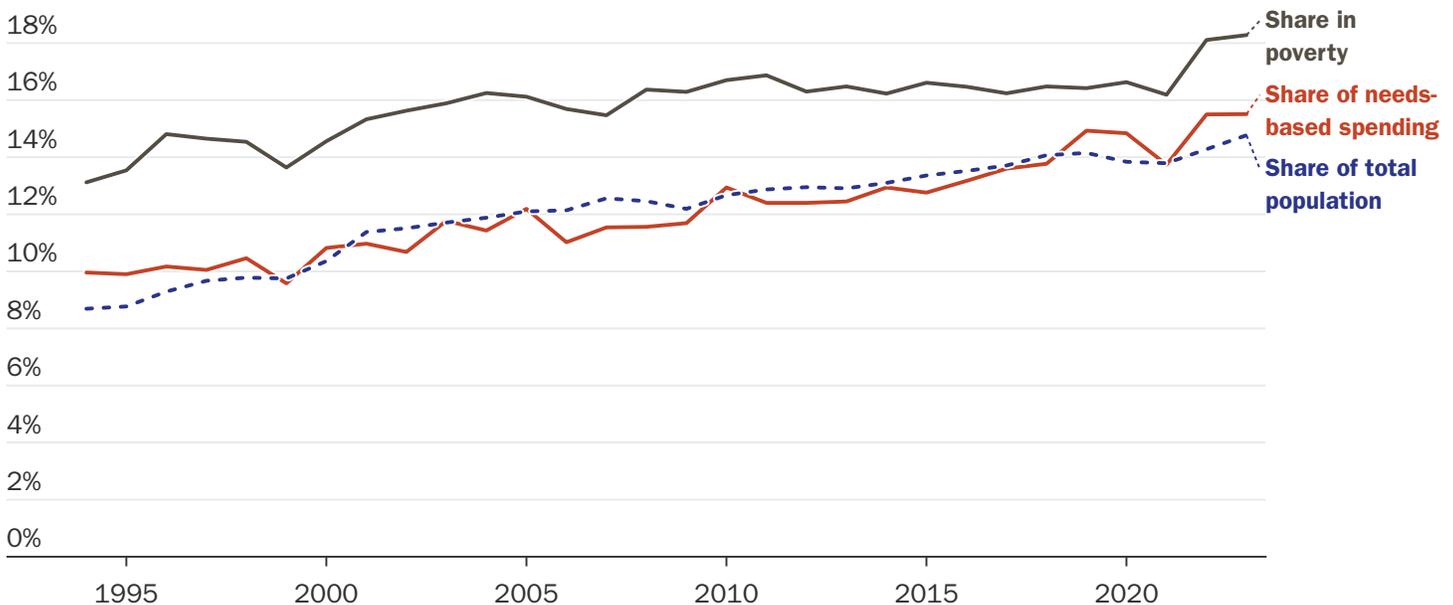
Felony policing and prisons: Immigrants impose 44 percent lower costs per capita on prisons, felony policing, and courts than the average person (see the Appendix for how we estimated felony policing and court costs). From 1994 to 2023, immigrants were about half as likely to be incarcerated as the US-born population, reducing the burden on courts and policing for serious crimes (Figure 11).²⁴ This is despite the fact that a significant portion of incarcerated immigrants are incarcerated or detained for immigration offenses that the US-born population cannot commit.²⁵ Although important within the context of law enforcement spending, this effect has modest savings compared to the savings on education, old-age benefits, and pure public goods.

All other spending: The NASEM–Cato model estimates that, for all other public spending—that is, spending on what are sometimes called “congestible public goods”—

Figure 9

Immigrants are much more likely to be in poverty but not more likely to be receiving welfare

Immigrant share of needs-based spending, share of total population and poverty population, 1994–2023

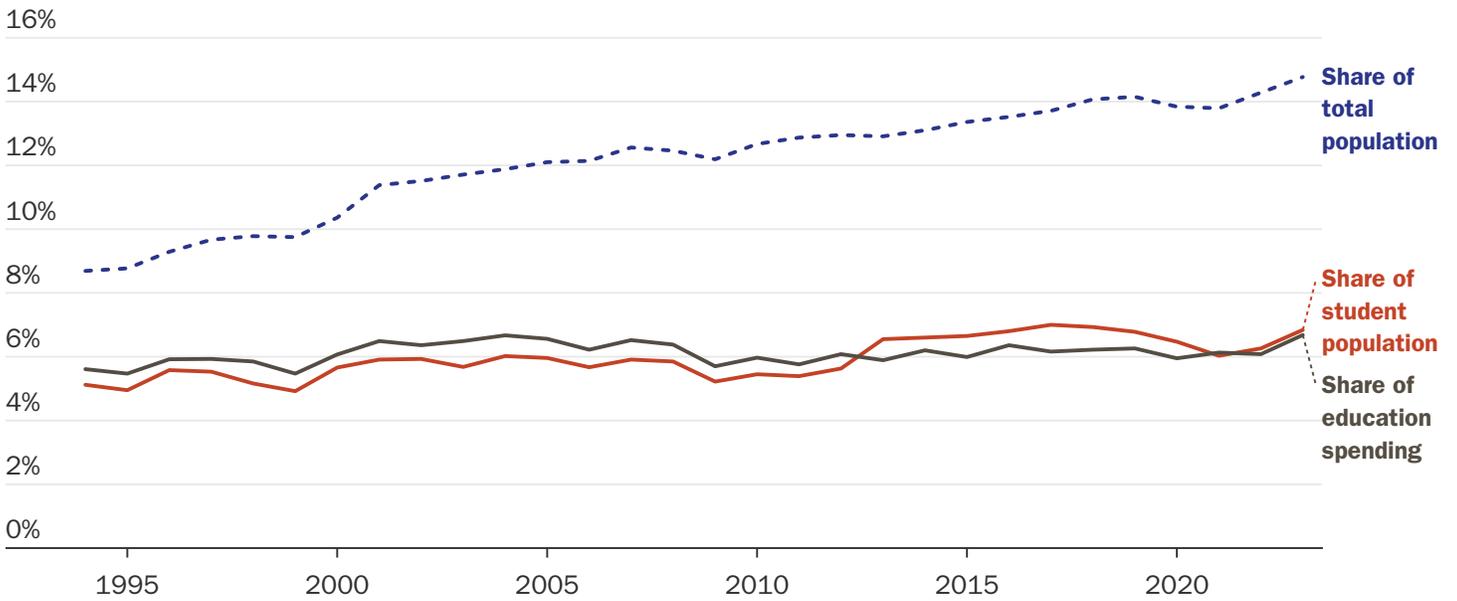


Sources: Calculations are based primarily on the Annual Social and Economic Supplements of the US Census Bureau’s Current Population Survey for March 1994–2023; and “National Data: National Income and Product Accounts,” Bureau of Economic Analysis, last revised September 2025. See Appendix for full details.

Figure 10

Immigrants are less likely to be in school, imposing fewer education costs

Immigrant share of student and total population, share of education spending, 1994–2023

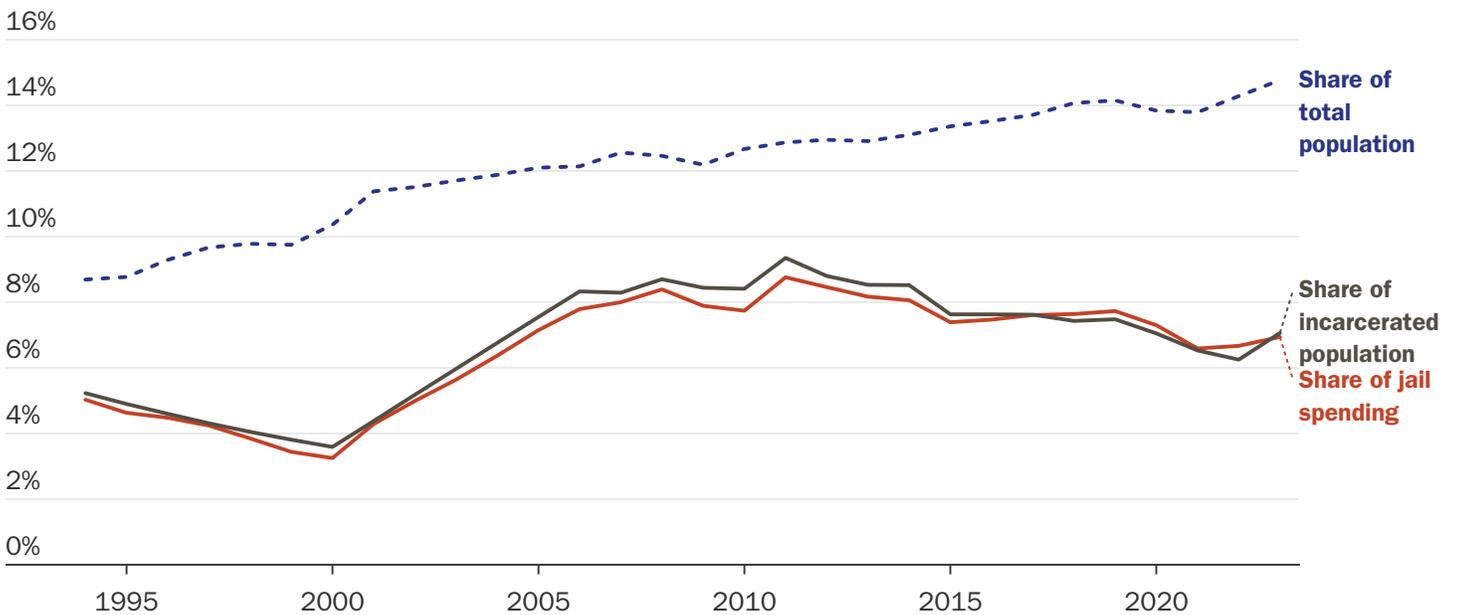


Sources: Calculations are based primarily on the Annual Social and Economic Supplements of the US Census Bureau’s Current Population Survey for March 1994–2023; “National Data: National Income and Product Accounts,” Bureau of Economic Analysis, last revised September 2025; and the US Census Bureau’s Annual Survey of School System Finances, last revised September 2025. See Appendix for full details.

Figure 11

Immigrants are less likely to commit and be incarcerated for crimes and other offenses

Immigrant share of total population, incarcerated population, and share of jail spending, 1994–2023



Sources: Calculations are based primarily on the Annual Social and Economic Supplements of the US Census Bureau’s Current Population Survey for March 1994–2023; “National Data: National Income and Product Accounts,” Bureau of Economic Analysis, last revised September 2025; and the US Census Bureau’s American Community Survey for 2006–2023. See Appendix for full details.

Immigrants' Recent Effects on Government Budgets: 1994–2023

immigrants consume the same amount per capita as other US residents. These costs include everything from tax collection and fire protection to transportation and parks. To calculate this amount, the model takes the per capita spending for this category and multiplies it by the immigrant population.

Summary

Given the above considerations, immigrants produced a net fiscal benefit because:

1. The United States collected more in taxes from the average person than it spent on benefits (excluding pure public goods).
2. Immigrants paid higher-than-average taxes because their higher-than-average employment rate led to higher-than-average incomes.
3. Immigrants cost the government less than average because they did not add to the cost of the government's largest expenditure (pure public

goods) and received lower-than-average benefits for other major items, particularly old-age benefits and education.

Figure 12 shows that the difference between immigrants' taxes paid and benefits received has grown from \$158 billion to \$572 billion in real terms since 1994. In 2023, immigrants paid \$1.3 trillion in taxes and received \$761 billion in benefits.

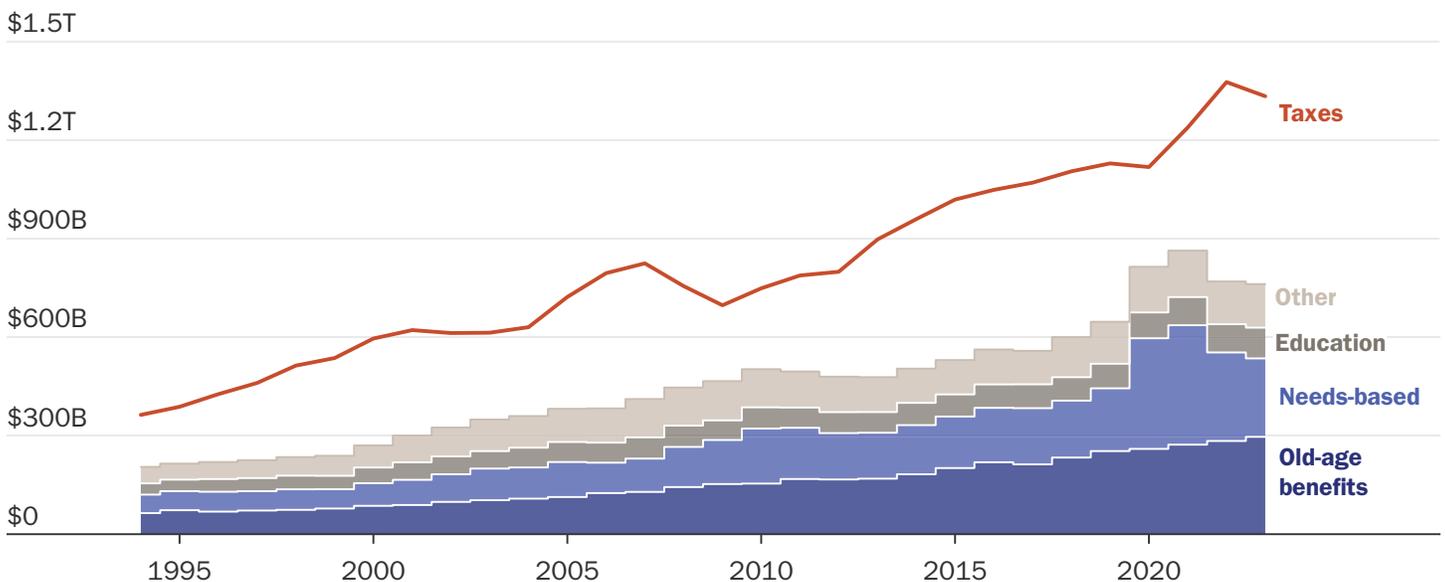
IMMIGRANTS' NET EFFECT ON GOVERNMENT REVENUE AND SPENDING

From 1994 to 2023, immigrants reduced US budget deficits substantially. Immigrants generated \$24.2 trillion in taxes and triggered \$13.6 trillion in costs, producing a net fiscal gain of \$10.6 trillion (Figure 13). This was not the only fiscal benefit. The gain meant government did not have to borrow as much money to offset its deficit spending over the period; the resulting smaller interest payments on the avoided debt

Figure 12

Immigrants pay more in taxes than they receive in benefits

Costs and taxes generated by immigrants to government, 1994–2023



Sources: Calculations are based primarily on the Annual Social and Economic Supplements of the US Census Bureau's Current Population Survey for March 1994–2023; and "National Data: National Income and Product Accounts," Bureau of Economic Analysis, last revised September 2025. See Appendix for full details.

Notes: "Other" includes all prisons and police. All amounts are in inflation-adjusted 2024 dollars.

reduced government borrowing costs by \$3.9 trillion. Hence, immigrants produced a total savings of about \$14.5 trillion.

Although it has become commonplace for politicians to blame immigrants for the US budget deficit, Figure 14 shows how impossible it would have been for policymakers to close the budget gap by slashing immigration over the last 30 years. Even eliminating all spending on immigrants—while somehow keeping all their tax revenue—would not even cut the deficit in half. All government spending on immigrants represented just 40 percent of the budget deficits from 1994 to 2023. Transfer payments (old-age benefits and needs-based assistance) for immigrants were only 26 percent of the deficit. “Welfare” or needs-based assistance for immigrants, including all refundable tax credits and unemployment benefits, was just 12 percent of the deficit. Governments can easily increase the value of immigration by cutting these expenses without losing the upside from immigrants’ tax revenues.

Immigrants have created an enormous fiscal surplus for the US government in a time when deficits have grown substantially. The \$14.5 trillion in savings from

immigrants is the equivalent of 33 percent of the total inflation-adjusted combined deficits from 1994 to 2023 without immigrants.²⁶ Immigrants saved the US government \$14.5 trillion, while the US population without immigrants cost the US government \$44.4 trillion on net (Figure 15). In other words, immigrants cut the US budget deficits by nearly one-third in real terms.

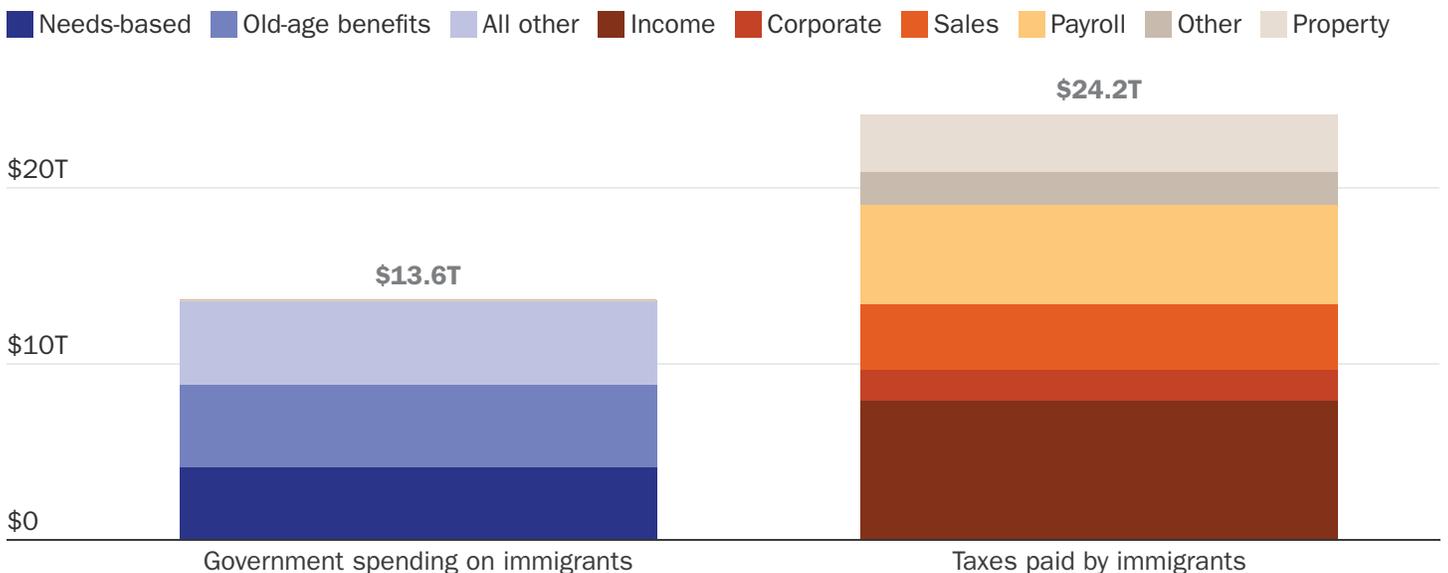
From 1994 to 2023, on a per capita basis, immigrants paid nearly \$100,000, or 17 percent, more taxes than the average US-born person (Table 2). This was predictable based on immigrants’ higher employment rates and higher per capita incomes, which will naturally lead to more tax revenue. Immigrants generated more than the US-born per capita for every type of government revenue except federal and state nontax revenues and supplemental medical insurance payments. Payroll and sales taxes are the most important drivers of the difference in tax revenue. One novel aspect of our model—accounting for overall indirect property tax revenue generated through immigration’s effect on housing prices—explains about 4 percent of immigrant taxes.

(Text continues on page 16)

Figure 13

Immigrants reduce government deficits

Government spending on immigrants versus taxes paid by immigrants, 1994–2023



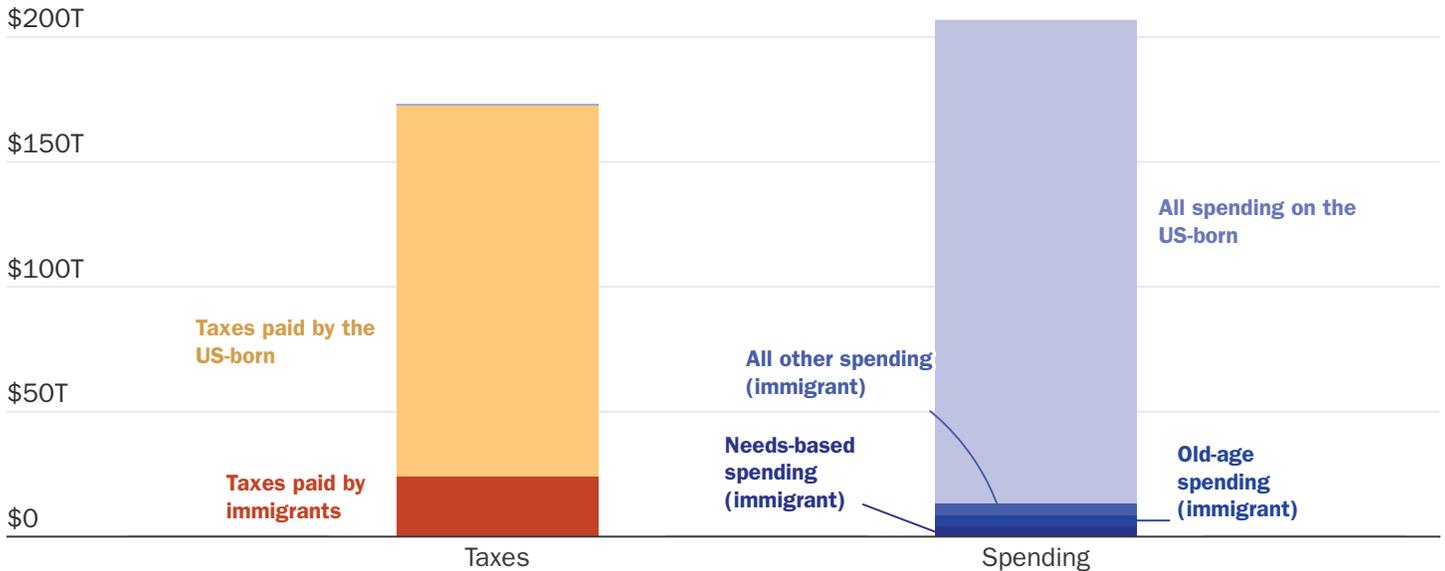
Sources: Calculations are based primarily on the Annual Social and Economic Supplements of the US Census Bureau’s Current Population Survey for March 1994–2023; and “National Data: National Income and Product Accounts,” Bureau of Economic Analysis, last revised September 2025. See Appendix for full details.

Notes: Sales taxes include excise taxes. All amounts are in inflation-adjusted 2024 dollars.

Figure 14

Spending on immigrants does not cause government deficits

Tax revenue and government spending allocations, immigrants versus the US-born, 1994–2023



Sources: Calculations are based primarily on the Annual Social and Economic Supplements of the US Census Bureau's Current Population Survey for March 1994–2023; and "National Data: National Income and Product Accounts," Bureau of Economic Analysis, last revised September 2025. See Appendix for full details.

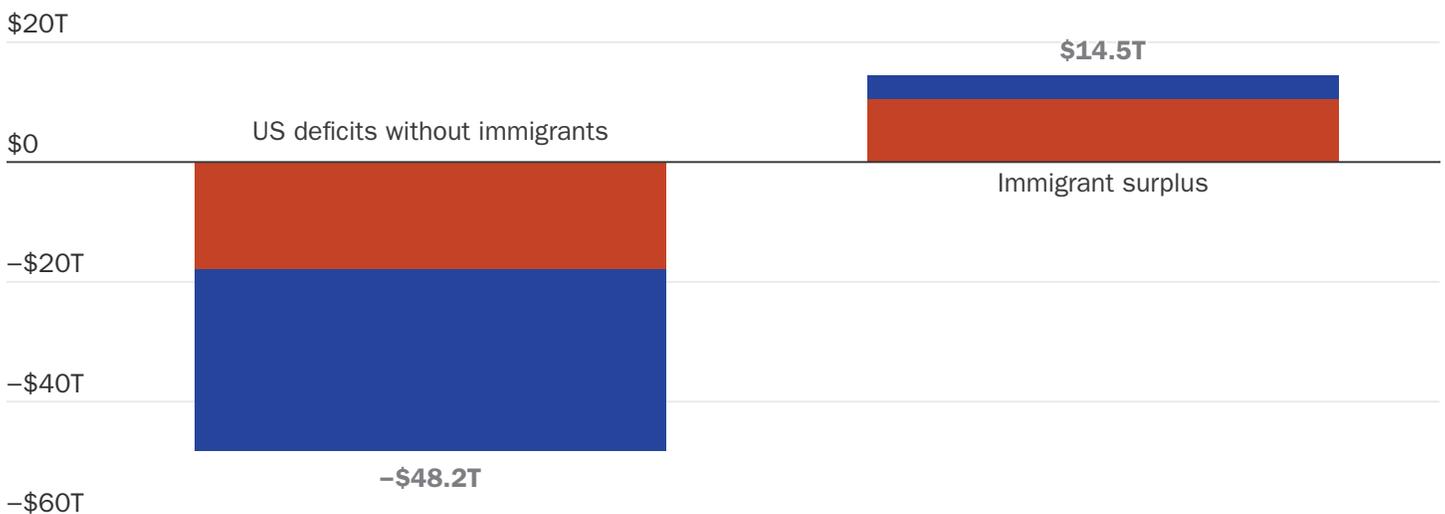
Note: All amounts are in inflation-adjusted 2024 dollars.

Figure 15

The fiscal surplus generated by immigrants cut US deficits by a third from 1994 to 2023

Deficits and surpluses, real 2024 dollars, 1994–2023

■ All deficits/surpluses ■ Interest cost/savings



Sources: Calculations are based primarily on the Annual Social and Economic Supplements of the US Census Bureau's Current Population Survey for March 1994–2023; and "National Data: National Income and Product Accounts," Bureau of Economic Analysis, last revised September 2025. See Appendix for full details.

Note: All amounts are in inflation-adjusted 2024 dollars.

Table 2

Immigrants generate 17 percent more in taxes per capita than the US-born

Sources of government revenue for immigrants and the US-born, per capita, 1994–2023

Category	US-born	Immigrants	Difference
Federal income tax	\$161,371	\$170,967	\$9,595
Corporate income tax	\$32,518	\$37,673	\$5,155
Federal excise tax	\$15,016	\$18,864	\$3,848
Payroll tax	\$114,207	\$138,418	\$24,211
Supplemental medical	\$7,466	\$6,657	−\$809
Unemployment insurance	\$5,397	\$7,192	\$1,795
Other federal tax	\$8,704	\$9,105	\$401
Federal nontax revenue	\$13,398	\$8,673	−\$4,725
State income tax	\$39,846	\$44,247	\$4,402
Sales tax	\$68,579	\$82,863	\$14,284
State corporate income tax	\$7,366	\$8,853	\$1,487
Other state tax	\$27,288	\$29,203	\$1,915
Other state nontax revenue	\$7,497	\$4,884	−\$2,613
Property tax owners	\$45,671	\$46,917	\$1,246
Property tax renters	\$8,083	\$13,984	\$5,901
Indirect property tax	−\$3,791	\$27,367	\$31,159
Total per capita	\$558,614	\$655,866	\$97,252
Total cumulative	\$148.72T	\$24.19T	

Sources: Calculations are based primarily on the Annual Social and Economic Supplements of the US Census Bureau's Current Population Survey for March 1994–2023; and "National Data: National Income and Product Accounts," Bureau of Economic Analysis, last revised September 2025. See Appendix for full details.

Note: All amounts are in inflation-adjusted 2024 dollars.

Immigrants' Recent Effects on Government Budgets: 1994–2023

Immigrants cost all levels of government a total of \$13.6 trillion from 1994 to 2023. On a per capita basis, immigrants cost the government roughly half as much as everyone else over the entire period. The other way to look at the cost of the US-born is to examine only the cost of benefits, excluding pure public goods. Even

excluding these costs—which must be borne by the US population with or without immigrants—immigrants still resulted in \$131,659, or 26 percent, lower costs per capita than the US-born over the 30-year period (Table 3). Notably, migrant shelter costs, which briefly strained some city budgets in 2023, are a rounding error in this

Table 3

Immigrants cost governments less per capita than the US-born

Sources of government expenditures, the US-born versus immigrants, 1994–2023

Category	US-born natives	Immigrants	Difference
Social Security	\$94,077	\$62,059	-\$32,017
Medicare	\$64,805	\$50,639	-\$14,166
Government retirement	\$40,740	\$13,418	-\$27,322
Unemployment and workers' compensation	\$10,057	\$12,455	\$2,398
Refundable tax credits	\$15,107	\$21,217	\$6,110
Medicaid/CHIP	\$53,343	\$52,096	-\$1,246
Food assistance	\$11,233	\$7,889	-\$3,345
Cash assistance	\$10,709	\$11,669	\$960
Rent, housing, and energy	\$6,273	\$4,326	-\$1,947
Migrant shelter		\$116	\$116
Refugee		\$2,878	\$2,878
Jail and felony police	\$19,275	\$10,161	-\$9,113
Education	\$105,305	\$49,709	-\$55,596
Congestible public goods	\$69,453	\$70,083	\$631
Pure public goods/defense	\$224,844		-\$224,844
Total per capita with pure public goods	\$725,219	\$368,716	-\$356,503
Total per capita with no pure public goods	\$500,376	\$368,716	-\$131,659
Total cumulative with pure public goods	\$193.07T	\$13.60T	

Sources: Calculations are based primarily on the Annual Social and Economic Supplements of the US Census Bureau's Current Population Survey for March 1994–2023; and "National Data: National Income and Product Accounts," Bureau of Economic Analysis, last revised September 2025. See Appendix for full details.

Notes: CHIP = Children's Health Insurance Program. All amounts are in inflation-adjusted 2024 dollars.

30-year nationwide exercise. The Appendix Variables List has a fuller breakdown by spending categories.

Therefore, the net effect of immigrants for all levels of government was positive \$14.5 trillion from 1994 to 2023 (including interest savings). Immigrants were fiscally positive for both the federal government and the state and local governments. The net federal effect was

\$7.9 trillion, only slightly more than the net for states and localities. Immigrants paid \$9.6 trillion in taxes to state and local governments but cost those governments only \$4.7 trillion—primarily because immigrants consumed less in education, government pensions, and policing. This resulted in a total fiscal surplus of \$6.6 trillion at the state and local level (Table 4).

Table 4

Immigrants’ tax revenues exceed their benefits received at both the federal and state levels

Immigrant tax payments, benefits received and interest payments saved, 1994–2023

Category	Total	Federal	State/Local
Taxes	\$24.2T	\$14.6T	\$9.6T
Benefits	\$13.6T	\$8.9T	\$4.7T
Net	\$10.6T	\$5.6T	\$4.9T
Interest saved	\$3.9T	\$2.3T	\$1.6T
Net with interest saved	\$14.5T	\$7.9T	\$6.6T

Sources: Calculations are based primarily on the Annual Social and Economic Supplements of the US Census Bureau’s Current Population Survey for March 1994–2023; and “National Data: National Income and Product Accounts,” Bureau of Economic Analysis, last revised September 2025. See Appendix for full details.

Note: All amounts are in inflation-adjusted 2024 dollars.

Why Noncitizens Are Fiscally Positive

Noncitizen immigrants—about half of whom were in the United States illegally—were also fiscally positive to all levels of government.²⁷ Indeed, immigrants without US citizenship accounted for nearly half (44 percent) of the positive net fiscal contribution from all immigrants from 1994 to 2023: \$6.3 trillion in real terms including interest savings (Table 5). Unlike the immigrant population generally, noncitizens have lower-than-average incomes, so the sole reason for noncitizens’ positive net fiscal contribution is lower-than-average benefits receipt.²⁸

Our findings for noncitizens mirror the pattern for immigrants overall: They reduced government deficits because they cost the government significantly less than the average amount it spent per person.

Again, noncitizens added nothing to the cost of pure public goods by definition, reducing the per capita cost of those items (past debt, military, etc.) to the government. Noncitizens also received 75 percent less in old-age benefits

than the average US resident; were roughly even with other residents on needs-based programs; used half as many educational resources; and were 21 percent less costly per capita for prisons and felony policing over the 30-year period (Figure 16).

Old-age benefits: Noncitizens were half as likely to be over age 65 throughout this period (Figure 17). But even among the elderly population, noncitizens received below-average government old-age benefits, accounting for just 1.7 percent of spending on those programs (Social Security, Medicare, and government pensions). Therefore, noncitizens’ low receipt of old-age benefits also stems from legal barriers to access for illegal immigrants and others without sufficient US work history.²⁹ Noncitizens were also significantly less likely to work for the US government, making them ineligible for expensive government pensions.

Needs-based: Noncitizens were about 76 percent more likely to be in poverty during this period (Figure 18), and since

Table 5

Naturalized citizens and noncitizens’ tax revenues exceed their benefits received at both the federal and state levels

Immigrant, noncitizen, and naturalized-citizen tax payments, benefits received, and interest payments saved, 1994–2023

Category	All immigrants	Naturalized citizens	Noncitizens
Taxes	\$24.2T	\$13.4T	\$10.8T
Benefits	\$13.6T	\$7.4T	\$6.2T
Net	\$10.6T	\$6.0T	\$4.6T
Interest saved	\$3.9T	\$2.1T	\$1.7T
Net with interest saved	\$14.5T	\$8.1T	\$6.3T

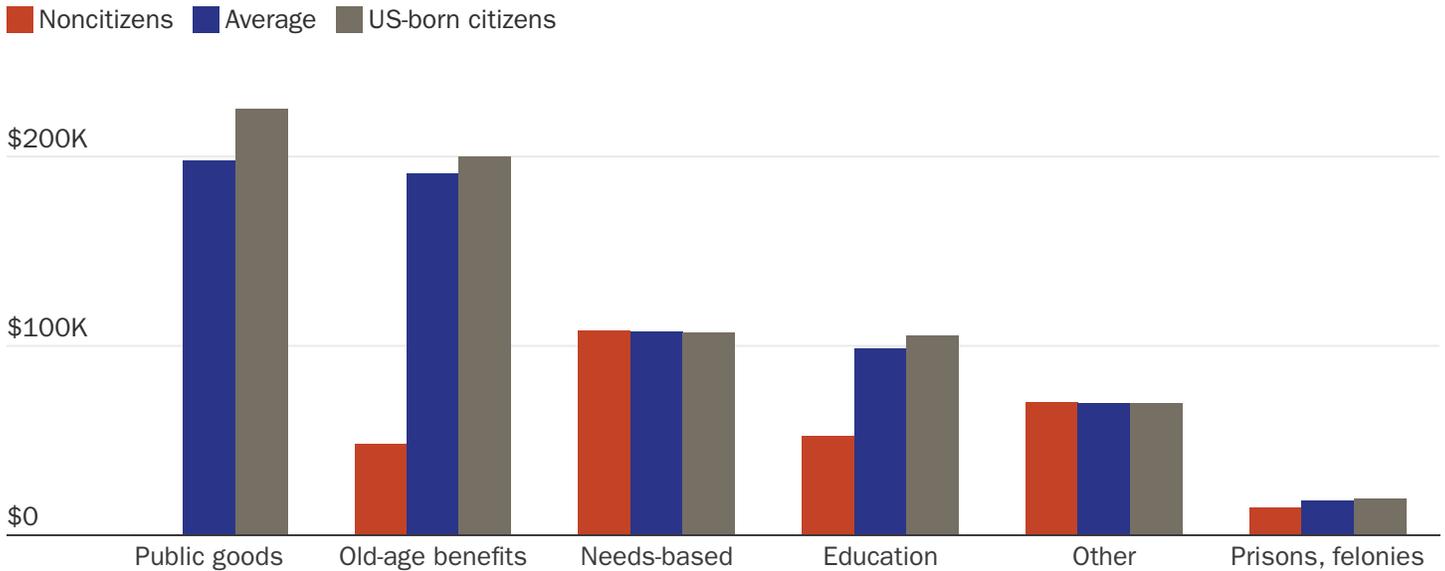
Sources: Calculations are based primarily on the Annual Social and Economic Supplements of the US Census Bureau’s Current Population Survey for March 1994–2023; and “National Data: National Income and Product Accounts,” Bureau of Economic Analysis, last revised September 2025. See Appendix for full details.

Note: All amounts are in inflation-adjusted 2024 dollars.

Figure 16

Noncitizens cost less per capita than the average for the US population

Per capita government expenditures, US average and noncitizen average, 1994–2023



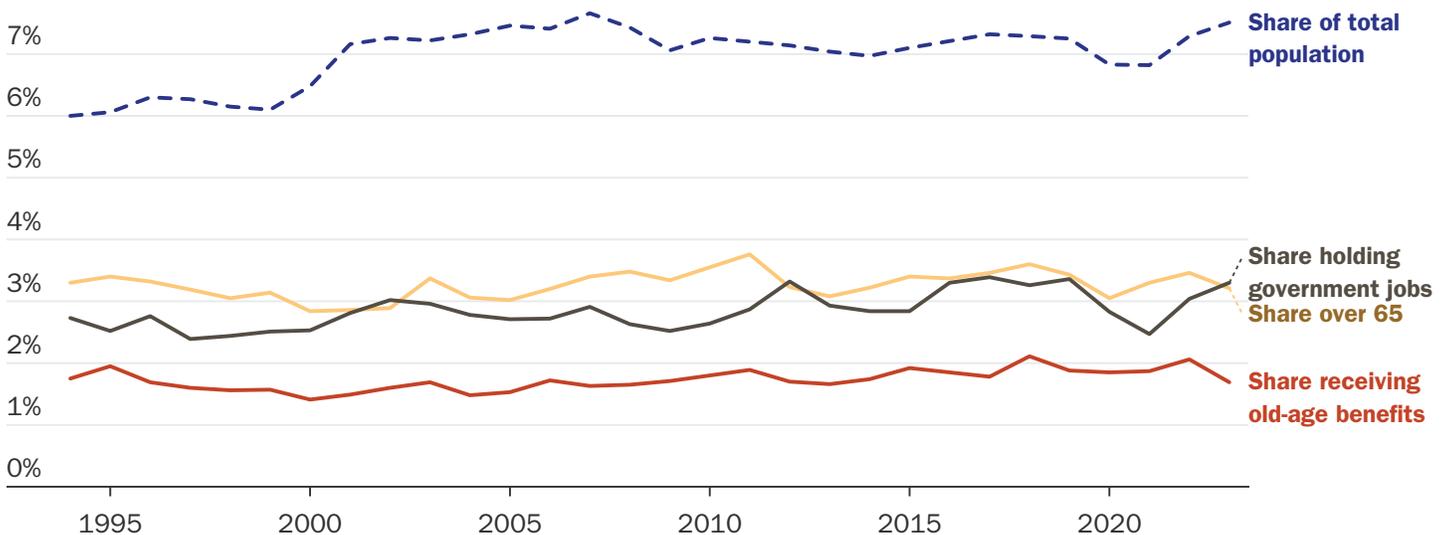
Sources: Calculations are based primarily on the Annual Social and Economic Supplements of the US Census Bureau’s Current Population Survey for March 1994–2023; and “National Data: National Income and Product Accounts,” Bureau of Economic Analysis, last revised September 2025. See Appendix for full details.

Note: All amounts are in inflation-adjusted 2024 dollars.

Figure 17

Noncitizens use fewer old-age benefits because they hold fewer government jobs, are younger, and face status eligibility limits

Noncitizen share of the total population, population over 65, population receiving old-age benefits, and population holding government jobs, 1994–2023



Sources: Calculations are based primarily on the Annual Social and Economic Supplements of the US Census Bureau’s Current Population Survey for March 1994–2023; and “National Data: National Income and Product Accounts,” Bureau of Economic Analysis, last revised September 2025. See Appendix for full details.

they were more likely to be of working age, they were more likely to qualify for unemployment insurance and the earned income tax credit. Some noncitizen refugees and asylum seekers were also eligible for special assistance. Nonetheless, noncitizens received only about 7 percent of the needs-based benefits, comparable to their share of the population. Immigration status eligibility restrictions played a large role in preventing noncitizens from using these programs at much higher rates. This effect will grow as a law enacted in July 2025 will impose even stricter limits for noncitizens.³⁰

Education: Noncitizens use educational services at half the average rate (Figure 19). Even though noncitizens in K–12 public schools cost more on average because of language services, noncitizens are much less likely to be in school at all, as they usually arrive in the United States after completing their education. Another reason for this gap is that noncitizens in higher education are often ineligible for federal or state tuition subsidies. For instance, most states bar illegal immigrants from receiving tuition subsidies.³¹ More important, international students compose half of

all students in higher education,³² and each international student at public universities subsidizes the cost of enrollment for two other students,³³ meaning that the noncitizens cost higher education effectively nothing on net. Overall, illegal or international students accounted for four in five noncitizen university students.

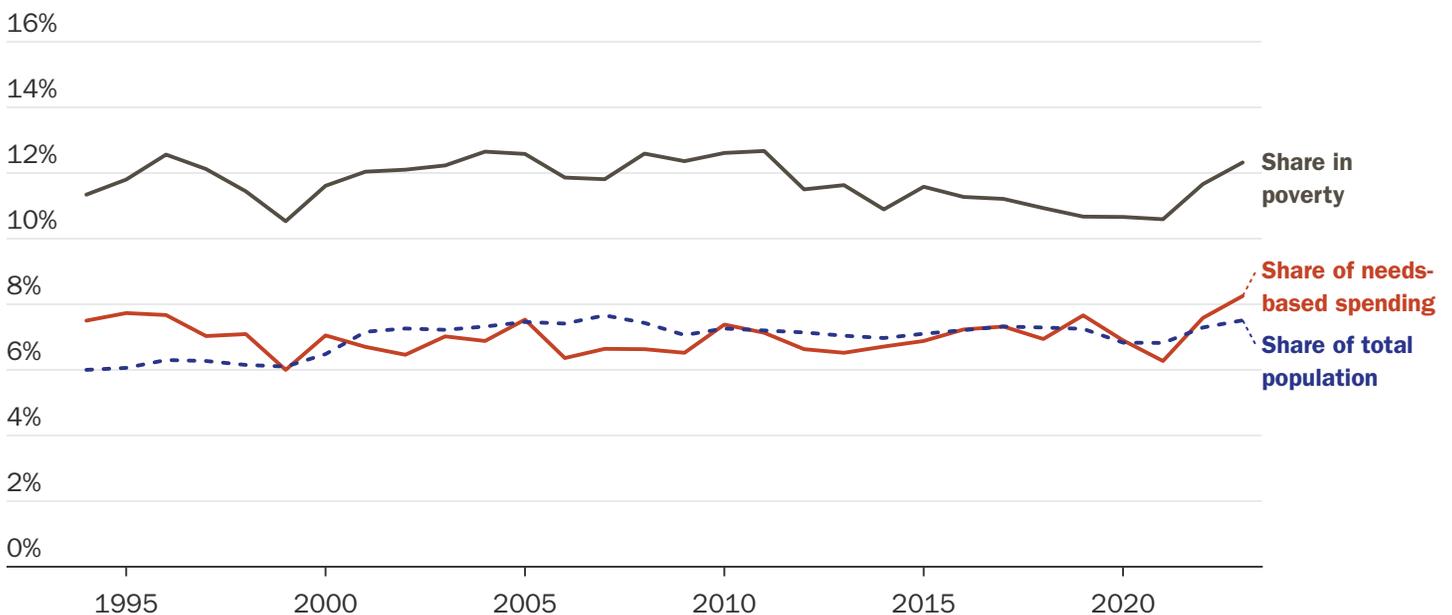
Prisons and policing: Remarkably, given their younger ages, noncitizens were also 20 percent less likely than the average American resident to be incarcerated in prisons, jails, and detention centers, imposing lower costs on policing for serious crimes from 1994 to 2023. However, the overall amount of this spending is small compared to the other categories of spending.

Noncitizens impose the average cost for all other categories of government spending not specifically described above. Therefore, noncitizens were fiscally positive, because they impose far lower costs for major services, primarily education and old-age benefits. Noncitizen taxes have exceeded spending every year since 1994 (Figure 20).

Figure 18

Noncitizens are much more often in poverty but are not more likely to be receiving needs-based benefits

Noncitizen share of total and poverty population, share of needs-based spending, 1994–2023



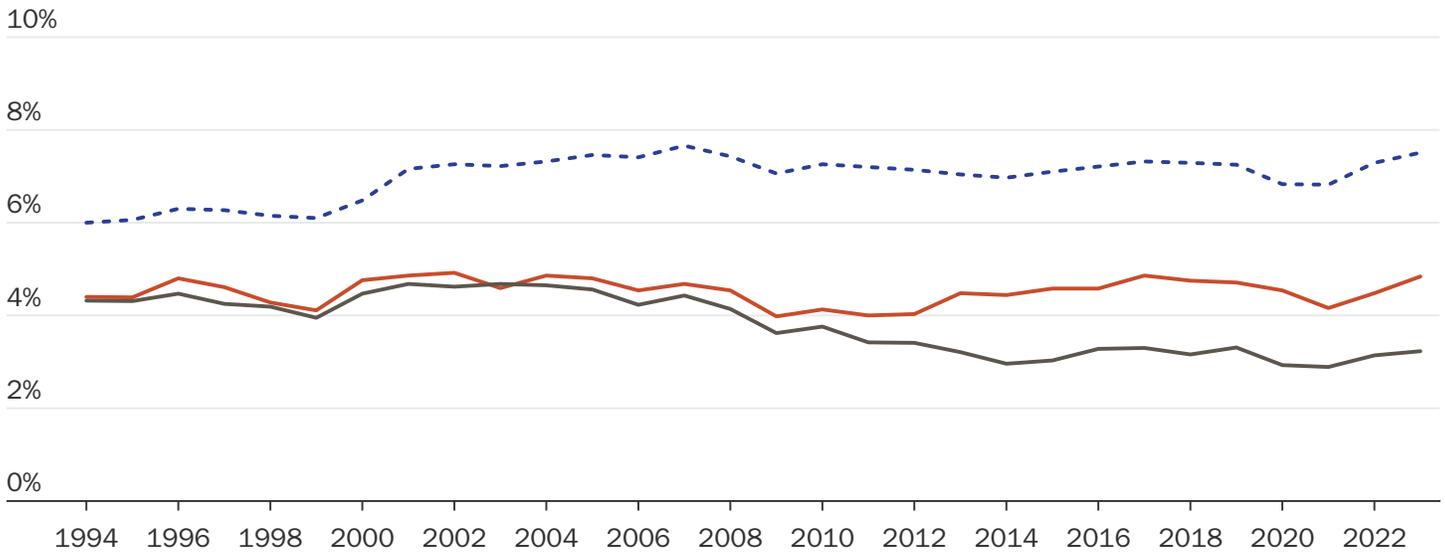
Sources: Calculations are based primarily on the Annual Social and Economic Supplements of the US Census Bureau's Current Population Survey for March 1994–2023; and “National Data: National Income and Product Accounts,” Bureau of Economic Analysis, last revised September 2025. See Appendix for full details.

Figure 19

Noncitizens are less likely to be in school, imposing fewer costs on the education system

Noncitizen share of student and total population, share of education spending, 1994–2023

-- Share of total population — Share of student population — Share of education spending

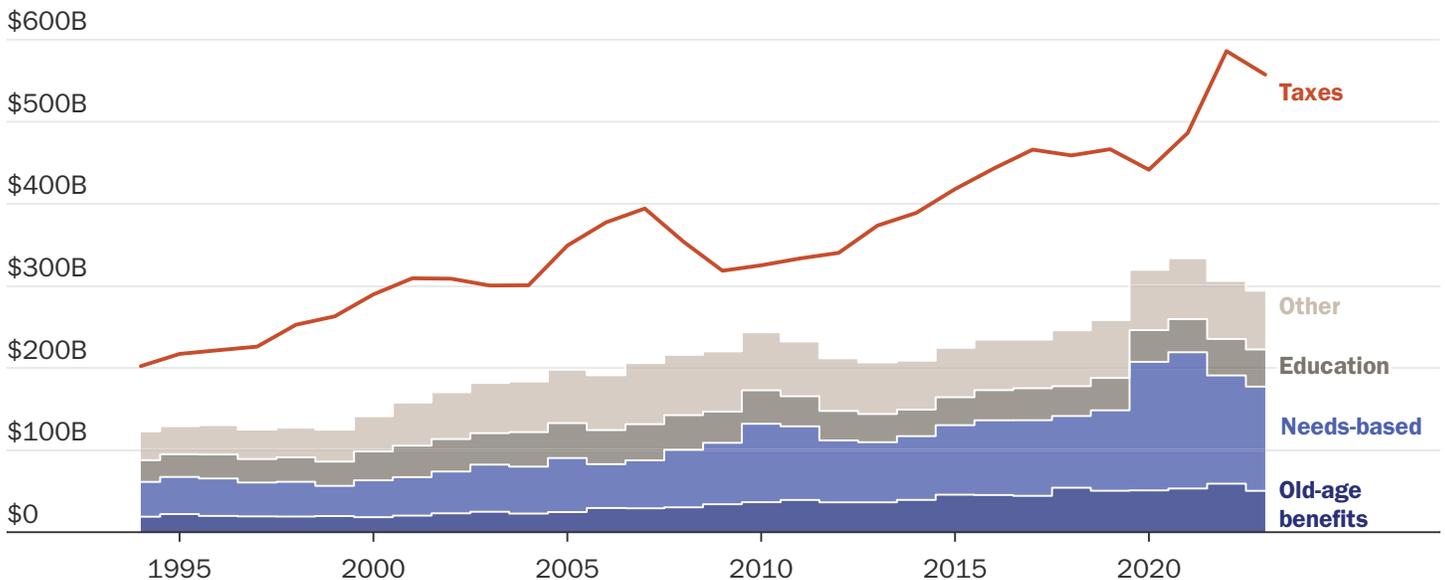


Sources: Calculations are based primarily on the Annual Social and Economic Supplements of the US Census Bureau’s Current Population Survey for March 1994–2023; “National Data: National Income and Product Accounts,” Bureau of Economic Analysis, last revised September 2025; and the US Census Bureau’s Annual Survey of School System Finances, last revised September 2025. See Appendix for full details.

Figure 20

Taxes paid by noncitizens have exceeded benefits received every year since 1994

Noncitizen taxes paid and benefits received, 1994–2023



Sources: Calculations are based primarily on the Annual Social and Economic Supplements of the US Census Bureau’s Current Population Survey for March 1994–2023; and “National Data: National Income and Product Accounts,” Bureau of Economic Analysis, last revised September 2025. See Appendix for full details.

Notes: “Other” includes all prisons and police. All amounts are in inflation-adjusted 2024 dollars.

Why Low-Skilled Immigrants Are Fiscally Positive

University graduates had a more positive fiscal effect than those with less education, because university graduates have higher-than-average incomes and thus pay more in taxes. This might lead someone to think that lower-skilled, less educated immigrants have a negative fiscal effect, but in fact, low-skilled immigrants—defined here as immigrants with less than a bachelor’s degree—were fiscally positive from 1994 to 2023. This was also true of low-skilled *noncitizens*, most of whom were in the United States illegally.³⁴ How is this possible?

At the outset, we note that children raise a methodological difficulty for estimating the effect of low-skilled immigrants, because all children are technically low-skilled. In the Appendix, we discuss alternatives, but our approach below

uses a regression that predicts the final education level of individuals below age 25 based on their parents’ educational attainment along with their race and ethnicity.³⁵ This approach assigns a percentage of children of low-skilled immigrants to high-skilled buckets, and some children of high-skilled immigrants to low-skilled classification, based on their percentage likelihood of completing a given level of education in the future.

Table 6 shows our estimates of the average educational attainment for immigrant, noncitizen, and US-born populations from 1994 to 2023. Although many people think of immigrants as synonymous with low-skilled workers, there are proportionately as many highly educated immigrants as skilled US-born individuals over our sample

Table 6

Immigrants were as likely to be high skilled as the US-born and more likely to be very low skilled

Educational attainment of the average population share, projected for individuals under age 25, 1994–2023

Education	Immigrants	Noncitizens	US-born
No high school	25.9%	32.3%	7.4%
High school	25.6%	26.1%	28.7%
Some college	17.9%	15.8%	33.6%
Bachelor’s degree	19.9%	17.0%	21.7%
Advanced	10.7%	8.8%	8.7%
No bachelor’s degree (combined)	69.4%	74.1%	69.6%
More than a bachelor’s degree (combined)	30.6%	25.9%	30.4%

Sources: Calculations are based primarily on the Annual Social and Economic Supplements of the US Census Bureau’s Current Population Survey for March 1994–2023. See Appendix for full details.

period. At the same time, immigrants were four times more likely than US-born individuals to have dropped out of high school and half as likely to have attended some college without receiving a bachelor’s degree.

Thus, lower-educated immigrants made up over two-thirds of the immigrant population from 1994 to 2023. Perhaps it is not surprising then—given that it is true for the immigrant population overall—that, as Table 7 shows, lower-educated immigrants also produced more tax revenue than government costs during that period. Low-skilled immigrants paid \$11.5 trillion in federal, state, and local taxes, and about half of this was from low-skilled noncitizens. Low-skilled immigrants received an overall \$9.7 trillion in benefits, for a net-positive effect of \$2.8 trillion after interest savings. Collectively, low-skilled *noncitizens* paid more taxes and received fewer benefits than other low-skilled immigrants.

In real terms, the average low-skilled immigrant generated about half a million dollars in taxes from 1994 to 2023. Contrary to a common misconception, low-skilled immigrants do pay income taxes, for several reasons. First, “low-skilled” here refers to educational attainment, not income. Some people who end schooling early still become

high earners.³⁶ Second, even many employers of low-skilled illegal immigrants withhold taxes from workers’ paychecks, either because the employers want to reduce legal liability from employing them, because the immigrant is borrowing the identity of a legal worker, or because the illegal worker has obtained temporary work authorization.³⁷ Finally, *net* income tax payments could still be negative after refundable tax credits, because we list them as benefits in order to better assign those costs to individuals other than the tax filer. In any case, income taxes account for less than a quarter of low-skilled immigrants’ revenue generation.

In fact, given how taxes are paid, the immigrants themselves would likely not recognize their own contributions. Indeed, payroll taxes, not income taxes, are the largest category of taxes for low-skilled workers; half of payroll taxes are paid by employers on behalf of the worker without any acknowledgment on pay stubs.³⁸ Similarly, landlords usually pay property taxes on behalf of renters, generally with no specific line item in the rent. Nonetheless, these taxes would not be paid without tenants and workers.³⁹ Even more concealed are taxes paid on corporate profits generated by immigrant workers.⁴⁰

Table 7

Low-skilled immigrants paid more in taxes than they received in benefits

Taxes generated and benefits received by immigrants without a bachelor’s degrees, 1994–2023

Category	All low-skilled immigrants	Noncitizen low-skilled immigrants	Naturalized low-skilled immigrants
Taxes	\$11.50T	\$5.86T	\$5.64T
Benefits	\$9.74T	\$4.79T	\$4.95T
Net	\$1.76T	\$1.08T	\$683.80B
Interest saved	\$1.04T	\$582.50B	\$453.50B
Net with interest saved	\$2.80T	\$1.66T	\$1.14T

Sources: Calculations are based primarily on the Annual Social and Economic Supplements of the US Census Bureau’s Current Population Survey for March 1994– 2023; and “National Data: National Income and Product Accounts,” Bureau of Economic Analysis, last revised September 2025. See Appendix for full details.

Note: All amounts are in inflation-adjusted 2024 dollars.

All told, low-skilled immigrants are probably unaware of the majority of the tax revenue they generate (Table 8).

Low-skilled immigrants' tax payments are less surprising when compared with their share of total earned income. From 1994 to 2023, low-skilled immigrants accounted for about 6.7 percent of tax revenue and 6.2 percent of earned income. Their share of tax receipts was below their share of the population (6.7 percent versus 8.5 percent), but not as far below as expected based on their educational attainment. Indeed, their tax receipts per capita were much higher than comparably educated US-born people (Figure 21), because low-skilled immigrants were more likely to work (Figure 22). Put simply, the reason low-skilled immigrants create tax revenue is that they work, which generates income that is taxed.

Yet since low-skilled immigrants earn below-average incomes, the other side of the fiscal ledger is even more important. Low-skilled immigrants and noncitizens were fiscally positive because they were much less costly to government than the average person in the United States (Figure 23). Although low-skilled immigrants were slightly more costly than average for needs-based programs, they cost the US government nothing additional in pure public goods, and like noncitizens and immigrants generally, they cost much less for old-age benefits, education, and prisons.

Old-age benefits: Low-skilled immigrants in the United States received 34 percent fewer old-age benefits than the average person (Figure 24). This was not because of immigrants' age; low-skilled immigrants were more

Table 8

Low-skilled immigrants paid \$11.5 trillion in taxes

Taxes generated by immigrants, 1994–2023

Category	All low-skilled immigrants	Share	Noncitizen low-skilled immigrants	Share
Income tax	\$105,910	23.6%	\$80,527	21.5%
Corporate tax	\$32,185	7.2%	\$29,040	7.7%
Excise tax, sales tax	\$89,630	19.9%	\$82,967	22.1%
Payroll tax, insurance tax	\$117,361	26.1%	\$104,324	27.8%
Property renter	\$14,725	3.3%	\$16,167	4.3%
Property owner	\$37,013	8.2%	\$24,448	6.5%
Property taxes (indirect)	\$26,760	6.0%	\$18,994	5.1%
Other revenue	\$25,804	5.7%	\$18,361	4.9%
Total per capita	\$449,388	100%	\$374,829	100%
Cumulative 1994–2023	\$11.50T	100%	\$5.86T	100%

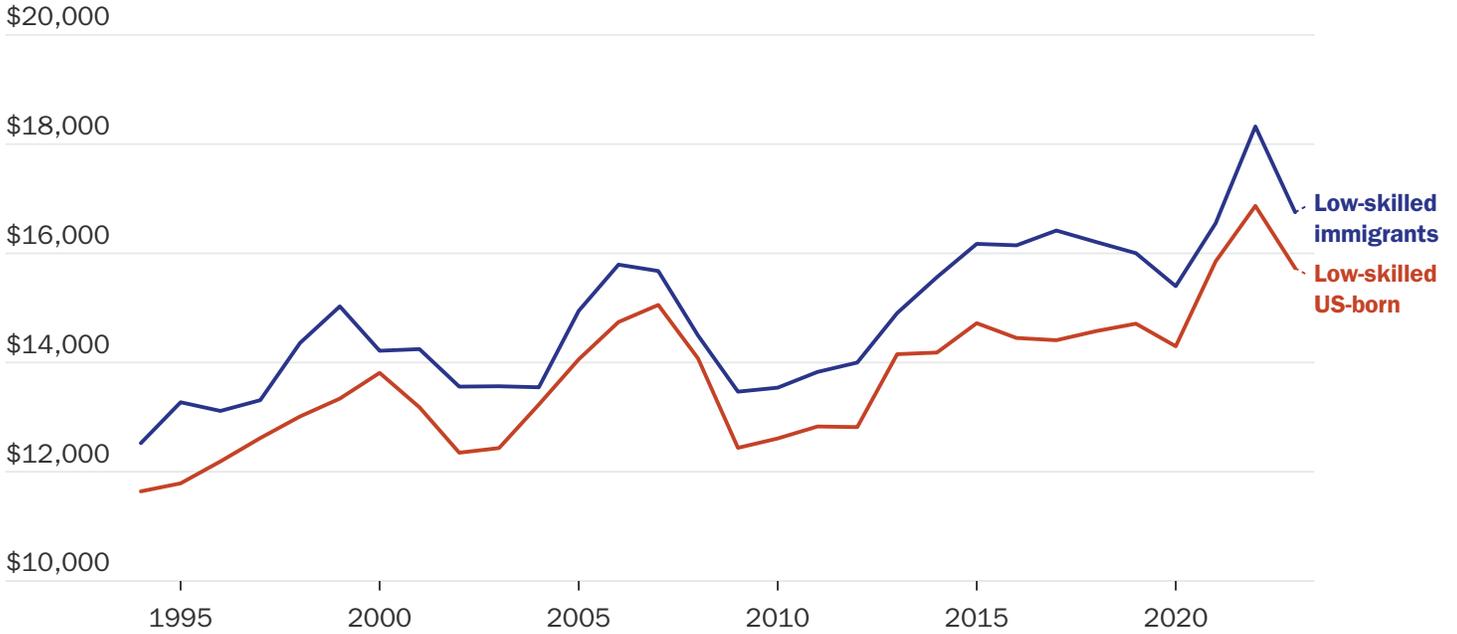
Sources: Calculations are based primarily on the Annual Social and Economic Supplements of the US Census Bureau's Current Population Survey for March 1994–2023; and "National Data: National Income and Product Accounts," Bureau of Economic Analysis, last revised September 2025. See Appendix for full details.

Note: All amounts are in inflation-adjusted 2024 dollars.

Figure 21

Low-skilled immigrants pay more taxes per capita than the low-skilled US-born

Gross tax payments per capita by nativity, 1994–2023



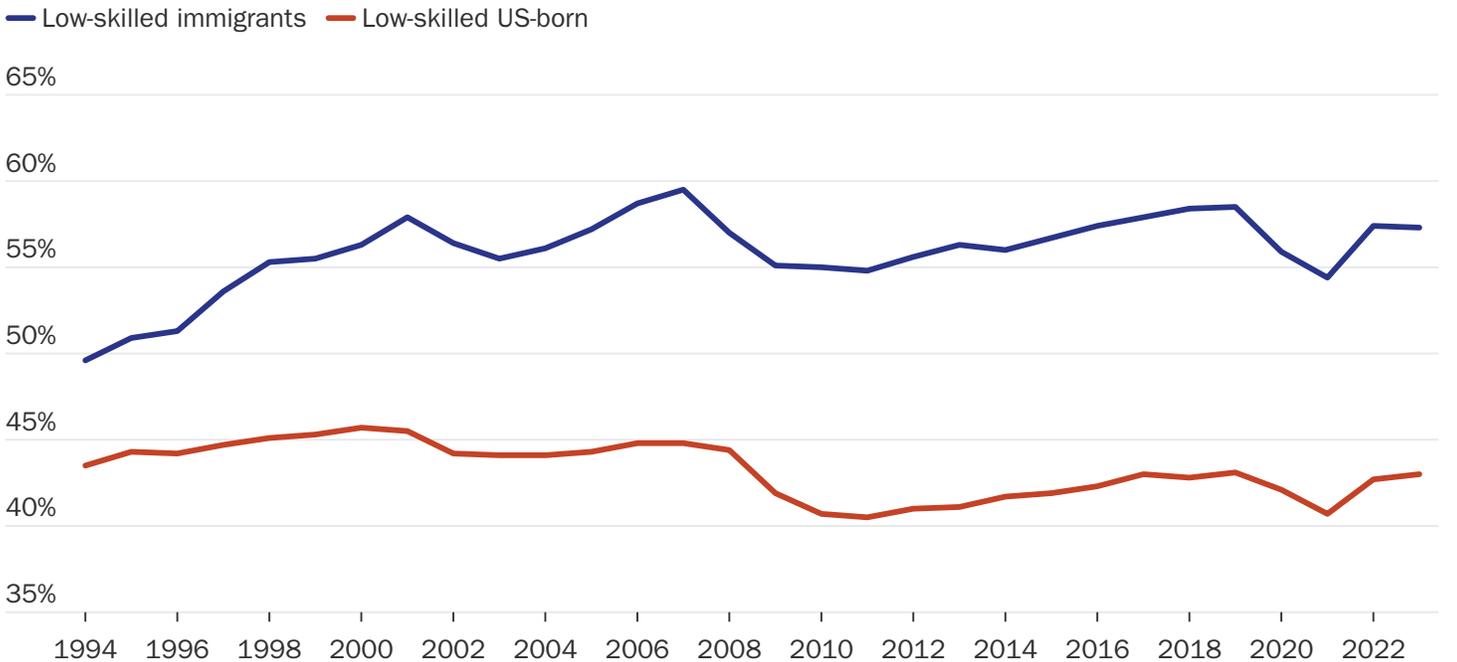
Source: The Annual Social and Economic Supplements of the US Census Bureau’s Current Population Survey for March 1994–2023.

Note: All amounts are in inflation-adjusted 2024 dollars.

Figure 22

Low-skilled immigrants are much more likely to work than the low-skilled US-born

Share of low-skilled employment by nativity, 1994–2023

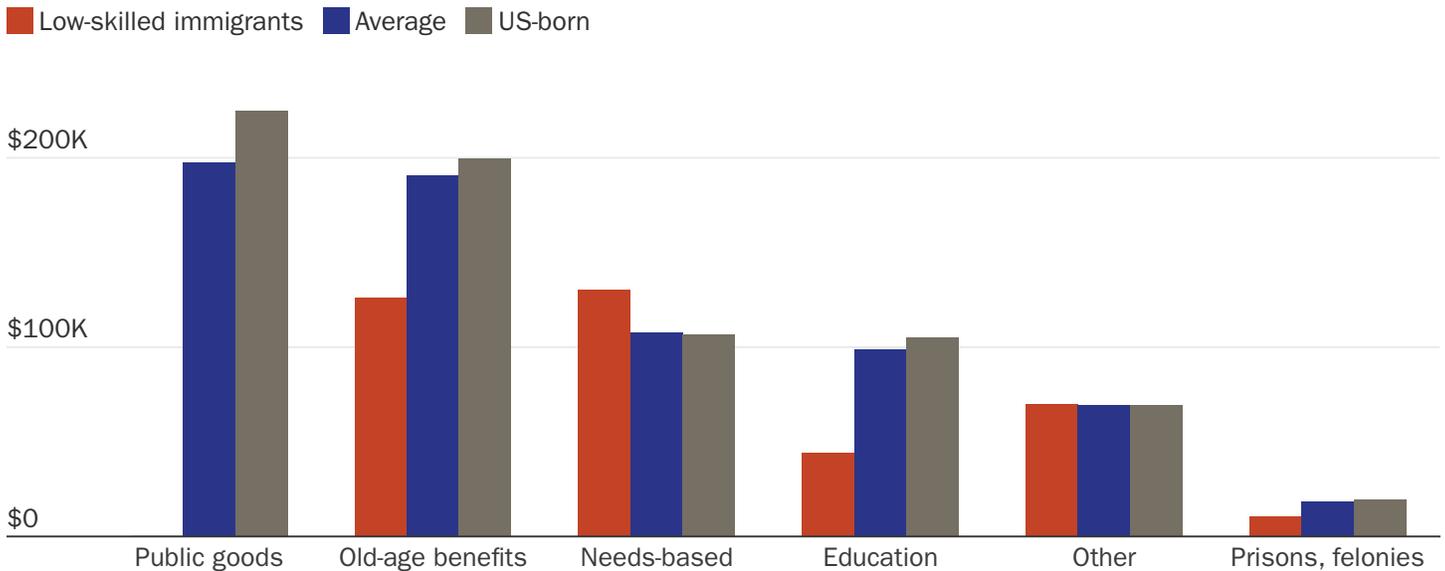


Source: The Annual Social and Economic Supplements of the US Census Bureau’s Current Population Survey for March 1994–2023.

Figure 23

Low-skilled immigrants cost less per capita across most categories than the average US-born

Per capita government spending, US average versus immigrants without a bachelor's degree, 1994–2023



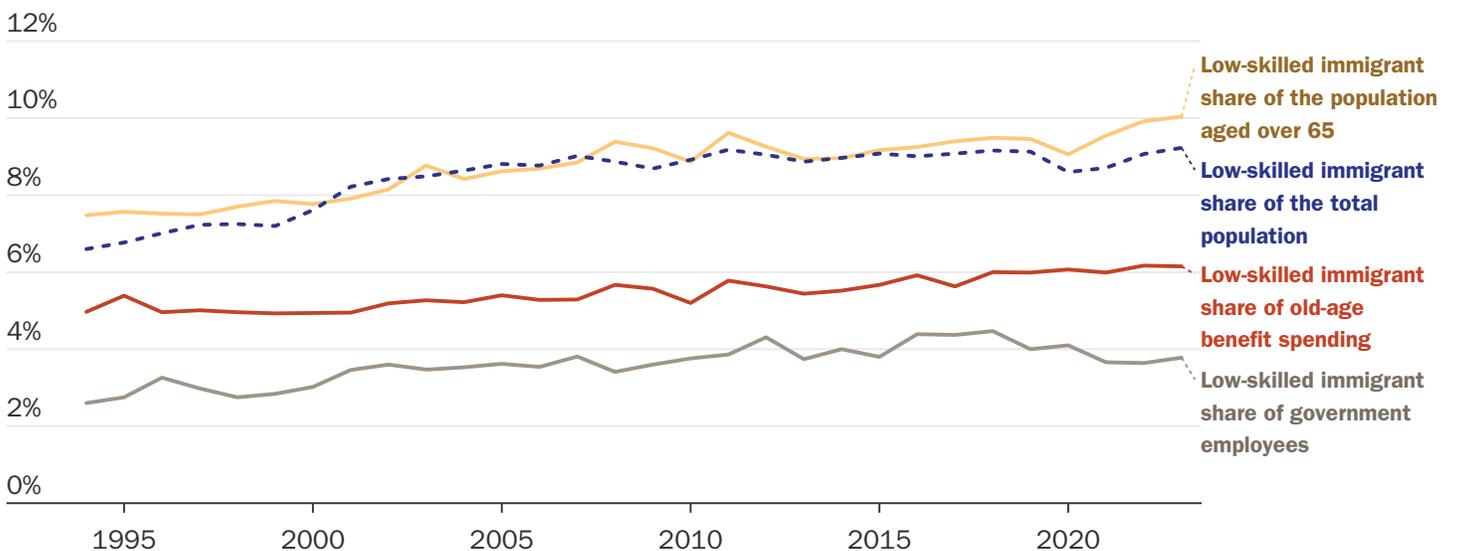
Sources: Calculations are based primarily on the Annual Social and Economic Supplements of the US Census Bureau's Current Population Survey for March 1994–2023; and "National Data: National Income and Product Accounts," Bureau of Economic Analysis, last revised September 2025. See Appendix for full details.

Note: All amounts are in inflation-adjusted 2024 dollars.

Figure 24

Low-skilled immigrants use fewer old-age benefits even though they are just as likely to be old

Low-skilled immigrant share of the population over age 65, low-skilled immigrant share of the total population, low-skilled immigrant share of old-age benefit spending, and low-skilled immigrant share of government employees, 1994–2023



Sources: Calculations are based primarily on the Annual Social and Economic Supplements of the US Census Bureau's Current Population Survey for March 1994–2023; and "National Data: National Income and Product Accounts," Bureau of Economic Analysis, 2025. See Appendix for full details.

Note: Low-skilled is defined as lacking a bachelor's degree.

likely than the average person to be over age 65. Instead, the average elderly low-skilled immigrant simply received fewer benefits than the average elderly person. This was primarily because many low-skilled immigrants were ineligible for benefits because they were in the country illegally or, less frequently, lacked the necessary work history. It was also because they were much less likely to work for the government and receive public pensions.

Needs-based: Low-skilled immigrants received needs-based benefits at higher rates than the average person in the United States, but they used those benefits much less than their share of the population in poverty would predict (Figure 25). Low-skilled immigrants relied on needs-based benefits much less than the US-born for at least one of three reasons:

- They were less aware of their eligibility;
- If they were eligible, they feared potential negative immigration consequences; or
- They were barred from applying because of their immigration status.⁴¹

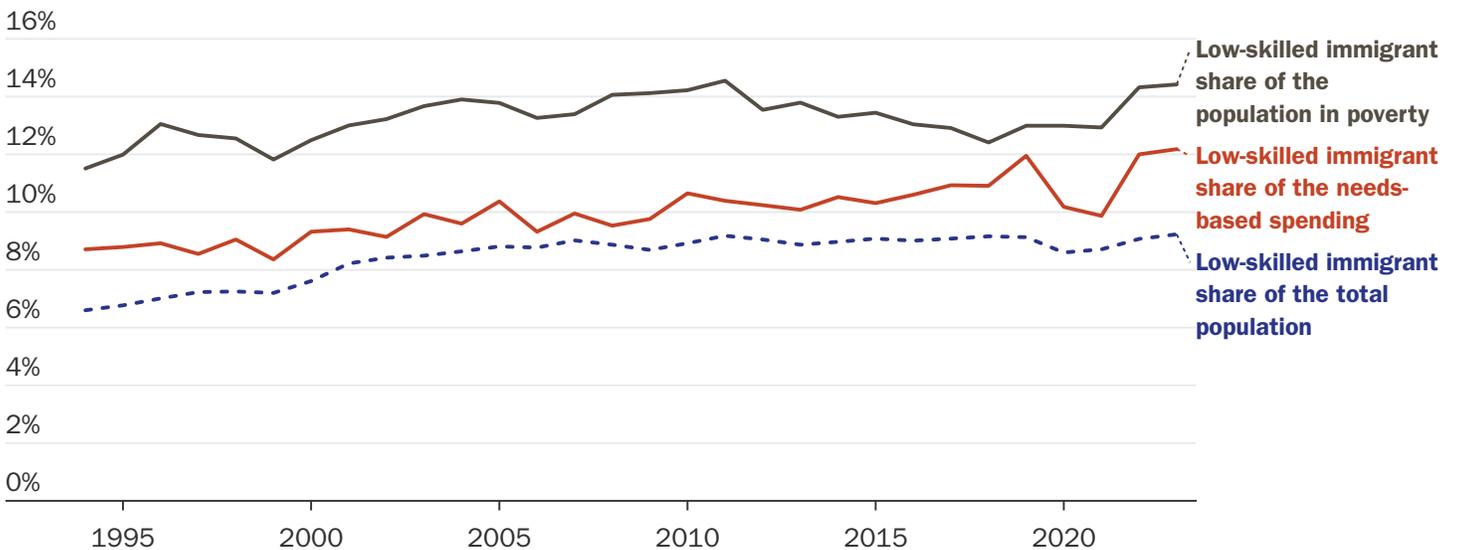
The result is that, although low-skilled immigrants were somewhat more costly to needs-based programs specifically, they were not so costly as to render their overall net fiscal effect negative. Indeed, even if needs-based programs used the average rate for the poor population over the last 30 years, adding about \$1 trillion in costs, the US government would still have come out ahead from low-skilled immigrants’ presence in the United States. Moreover, US policy under the One Big Beautiful Bill further limits needs-based benefits to noncitizens in the future.⁴²

Education: Low-skilled immigrants cost the educational system 55 percent less than the average US-born person from 1994 to 2023 (Figure 26). Again, immigrants’ special language needs lead to higher costs when those individuals are in K–12 schools. But because most immigrants arrive after their education is already complete, they were much less likely to be in school than the average US-born person. Moreover, low-skilled immigrants mostly did not receive any higher education, meaning they were not receiving any tuition subsidies. To avoid misattributing any costs in this analysis, all of these figures include the costs from

Figure 25

Low-skilled immigrants receive fewer needs-based funds than their poverty rate predicts

Low-skilled immigrant share of the population in poverty, low-skilled immigrant share of the needs-based spending, and low-skilled immigrant share of the total population, 1994–2023



Sources: Calculations are based primarily on the Annual Social and Economic Supplements of the US Census Bureau’s Current Population Survey for March 1994–2023; and “National Data: National Income and Product Accounts,” Bureau of Economic Analysis, 2025. See Appendix for full details.

Note: Low-skilled is defined as lacking a bachelor’s degree.

immigrants who were still in school and who we project to end up low-skilled based on their parents' educational attainment and race or ethnicity.

Prisons and felony policing: Despite the fact that tens of thousands of low-skilled immigrants were detained for immigration offenses that US-born Americans cannot commit, they were about half as likely as the average US-born person to be incarcerated from 1994 to 2023.⁴³ This means that they also triggered much less spending on felony policing and courts.

Thus, the fiscal effect of low-skilled immigrants was positive from 1994 to 2023 because they triggered less spending from the government (Figure 27). Although they had lower per capita incomes, their incomes were higher than predicted based on their education because they worked at higher rates. At the same time, although they received above-average needs-based assistance, it was below average for similarly skilled people, and the amount

was dwarfed by how much less low-skilled immigrants cost in old-age benefits and educational services. Only during the first two years of the COVID-19 pandemic (2020 and 2021), when Congress increased benefits, were low-skilled immigrants in general fiscally negative.

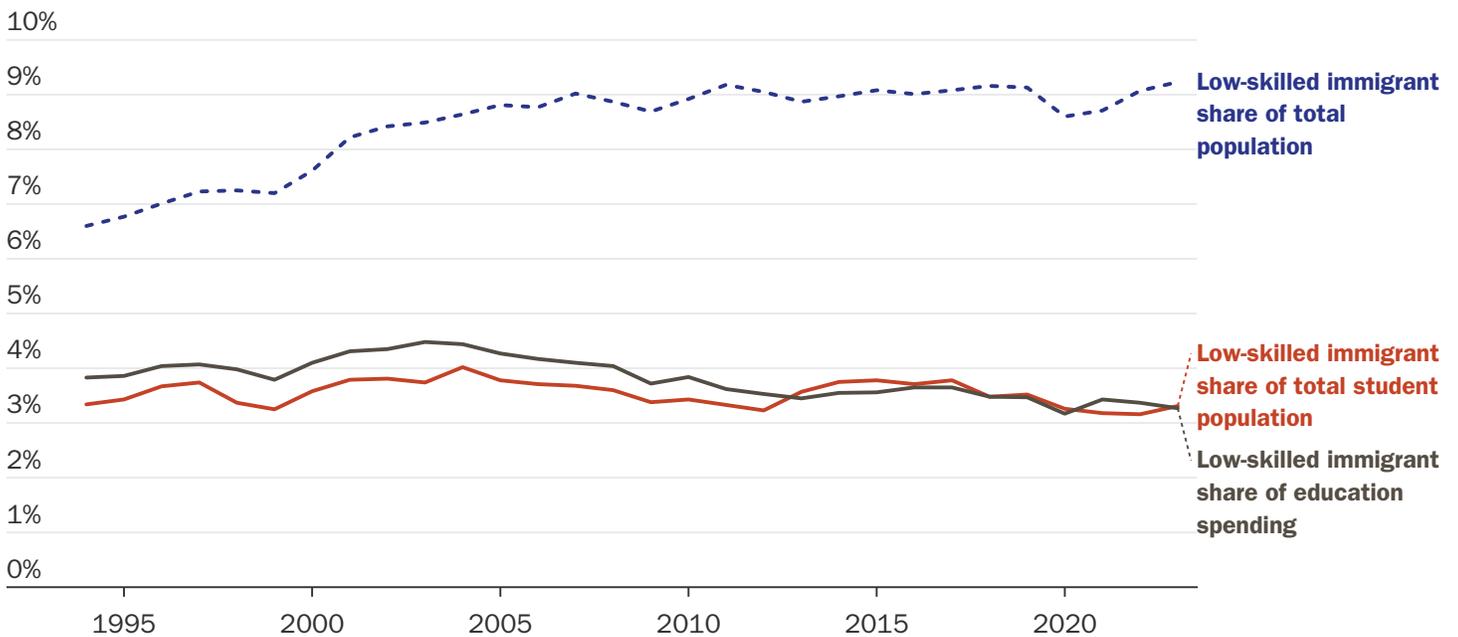
THE LOWEST-EDUCATED IMMIGRANTS CAN BE FISCALLY BENEFICIAL

From 1994 to 2023, tax revenues exceeded benefits for low-skilled immigrants of all levels of education throughout their working years (Figure 28). Given that more than two-thirds of the low-skilled immigrant population fell into this demographic group in each year during that time (Figure 29), it is not surprising that they were, as a group, fiscally positive. Even immigrant high school dropouts' taxes exceeded benefits during their prime working years.

Figure 26

Low-skilled immigrants are dramatically less costly to schools than the average person

Low-skilled immigrant share of total US population, low-skilled immigrant share of US student population, and low-skilled immigrant share of education spending, 1994–2023



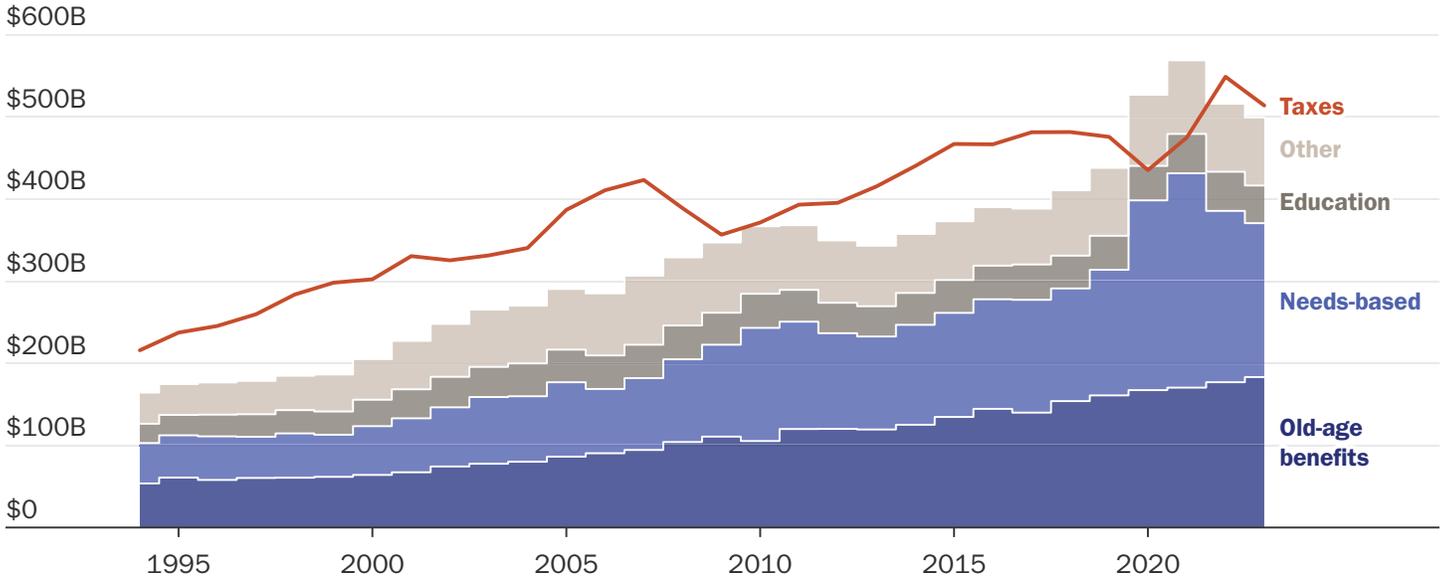
Sources: Calculations are based primarily the Annual Social and Economic Supplements of the US Census Bureau's Current Population Survey for March 1994–2023; "National Data: National Income and Product Accounts," Bureau of Economic Analysis, 2025; and the US Census Bureau's Annual Survey of School System Finances, last revised September 2025. See Appendix for full details.

Note: Low-skilled is defined as lacking a bachelor's degree.

Figure 27

Low-skilled immigrants were fiscally positive almost every year

Taxes and costs generated by immigrants with no bachelor's degree, 1994–2023



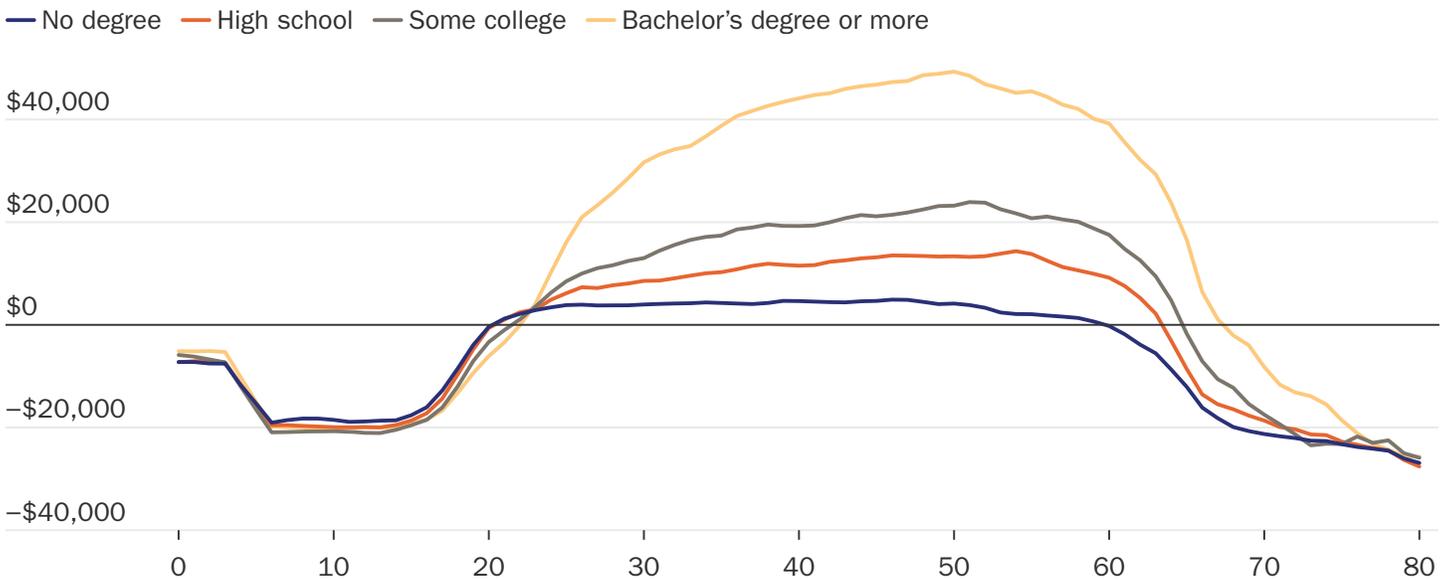
Sources: Calculations are based primarily on the Annual Social and Economic Supplements of the US Census Bureau's Current Population Survey for March 1994–2023; and "National Data: National Income and Product Accounts," Bureau of Economic Analysis, last revised September 2025. See Appendix for full details.

Note: All amounts are in inflation-adjusted 2024 dollars.

Figure 28

Immigrants were fiscally positive throughout their working years, regardless of educational attainment

Net fiscal flows by age, 1994–2023



Sources: Calculations are based primarily on the Annual Social and Economic Supplements of the US Census Bureau's Current Population Survey for March 1994–2023; and "National Data: National Income and Product Accounts," Bureau of Economic Analysis, last revised September 2025. See Appendix for full details.

Notes: Ages use three-year averages. All amounts are in inflation-adjusted 2024 dollars.

However, when including the elderly and young, immigrants who failed to complete high school did pay less in taxes than they received in benefits throughout the period collectively. Outside of the pandemic—when tax revenues anomalously fell and government benefits surged—this deficit can be entirely attributed to old-age benefits (Figure 30). Again, prime-age high school dropout immigrants generated more taxes than costs throughout the period in question. Moreover, in most individual years, taxes were greater than benefits for high school dropout *noncitizens*, to the point where the net effect is effectively zero for that group (Figure 31). Noncitizen high school dropouts were slightly fiscally negative for the entire period, but only because of the pandemic years.

This negative cash flow does not mean that the US fiscal situation overall would have improved if high school dropout immigrants had never immigrated. For one thing, a person's economic contributions could increase the productivity of other US-born workers sufficiently to make up for their individual deficit. In essence, these immigrants act as extensions of US-born workers, making the latter

more productive and growing the economy. The economic literature provides substantial evidence for this effect,⁴⁴ but the NASEM–Cato accounting model cannot capture it. More important, a person can be fiscally negative (taxes minus benefits) yet fiscally *beneficial* if their economic contributions are high enough to reduce the burden of debt relative to GDP.

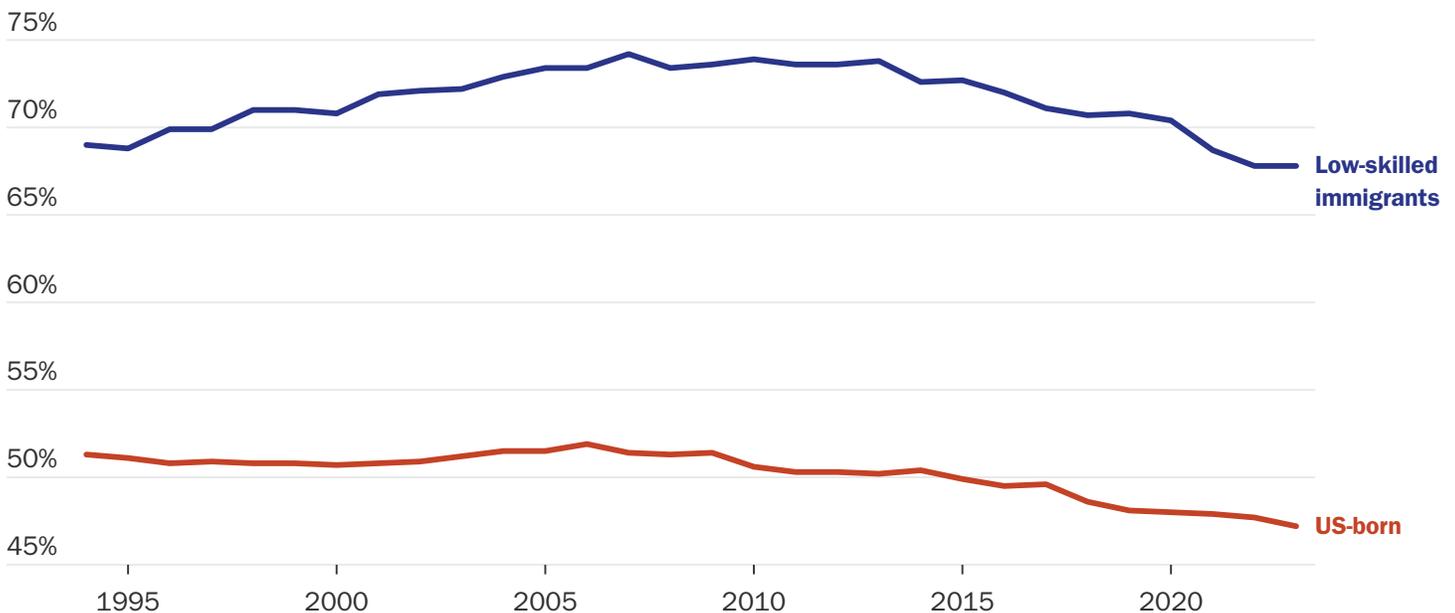
The burdensomeness of debt depends on the size of the economy. Think of it this way: When Greece had its debt crisis in 2009, its debt-to-GDP ratio was nearly 2:1.⁴⁵ Germany had six times as much debt at that time, but it experienced no crisis because its debt was only about 75 percent of its GDP. To put it another way, imagine if the US population suddenly doubled, and the new population had all the same economic characteristics, which would result in GDP doubling. America's debt-to-GDP ratio would drop by half, which would be beneficial—even if the newcomers' fiscal flow going forward was negative.

In fact, immigrant high school dropouts as a group were fiscally beneficial to the United States because they were less costly *relative to their economic contribution* than the US-born population without immigrants. In this analysis, we use

Figure 29

Low-skilled immigrants are much more likely to be of working age

Share of US population consisting of low-skilled immigrants and the US-born, ages 21–60

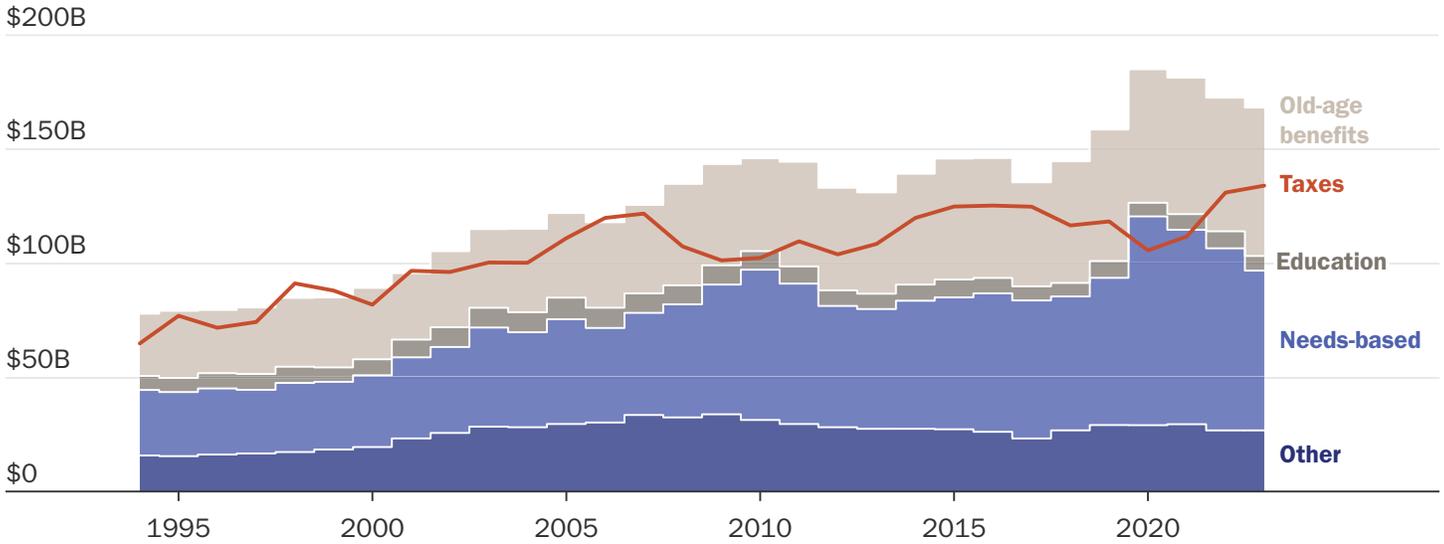


Sources: Calculations are based primarily on the Annual Social and Economic Supplements of the US Census Bureau's Current Population Survey for March 1994–2023; and "National Data: National Income and Product Accounts," Bureau of Economic Analysis, last revised September 2025. See Appendix for full details.

Figure 30

Immigrants who dropped out of high school only received more benefits than taxes because of their retirement population

Taxes from and benefits for immigrants without a high school degree, 1994–2023



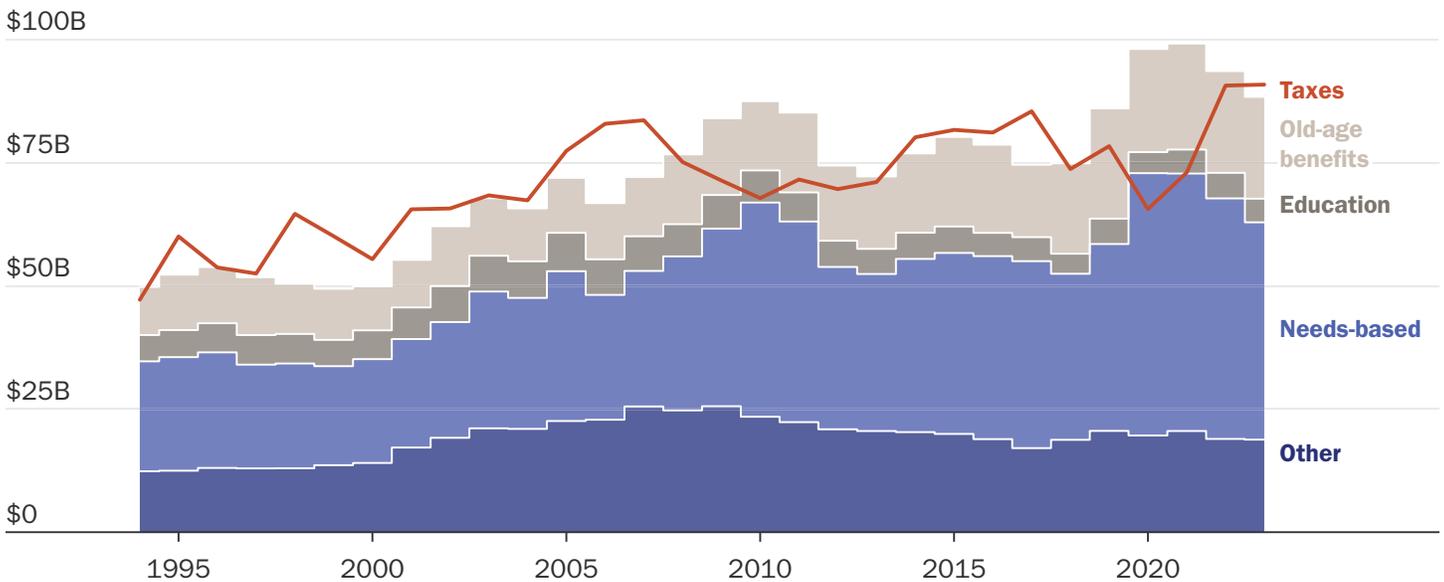
Sources: Calculations are based primarily on the Annual Social and Economic Supplements of the US Census Bureau's Current Population Survey for March 1994–2023; and “National Data: National Income and Product Accounts,” Bureau of Economic Analysis, last revised September 2025. See Appendix for full details.

Note: All amounts are in inflation-adjusted 2024 dollars.

Figure 31

Noncitizen high school dropouts generated more taxes than benefit costs most years

Taxes from and benefits for noncitizens without a high school degree, 1994–2023



Sources: Calculations are based primarily on the Annual Social and Economic Supplements of the US Census Bureau's Current Population Survey for March 1994–2023; and “National Data: National Income and Product Accounts,” Bureau of Economic Analysis, last revised September 2025. See Appendix for full details.

Note: All amounts are in inflation-adjusted 2024 dollars.

Immigrants' Recent Effects on Government Budgets: 1994–2023

total earned income to estimate the effect of a person on GDP.⁴⁶ The fiscal deficit for immigrant high school dropouts averaged about 5.6 percent of their contribution to GDP, compared to 7.9 percent for the US-born, from 1994 to 2023. High school graduate immigrants usually paid more taxes than they received in benefits, except during the COVID-19 pandemic—but even then, they lowered the debt-to-GDP ratio relative to the US-born (Figure 32).

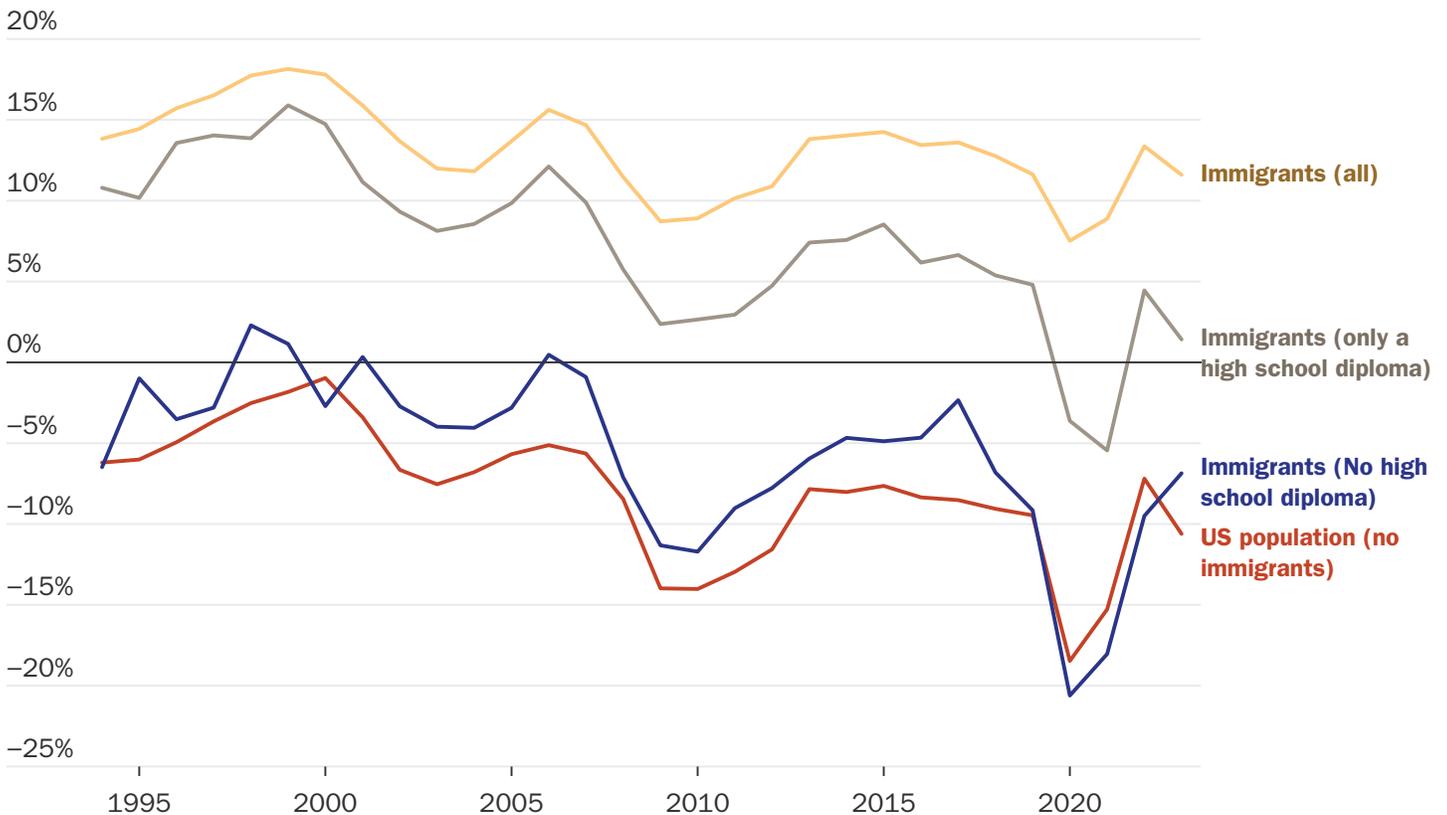
Table 9 lists the net fiscal effect for each education-level

combination, as well as their effect relative to GDP. Compared to the US-born population, immigrants of every level of education reduced the debt-to-GDP ratio from 1994 to 2023. (See Appendix Table A5 for a breakdown by citizenship status.) This was also true for 2022–2023, as seen in Appendix Table A6. Again, these are lower-bound estimates because we know that low-skilled immigrants increase the productivity of US workers, creating more economic growth and tax revenues than can be captured in our static accounting model.⁴⁷

Figure 32

Even the lowest-skilled immigrants reduce the deficit to GDP compared with the US population without immigrants

Net fiscal effect, share of GDP generated by immigrants and US population without immigrants, 1994–2023



Sources: Calculations are based primarily on the Annual Social and Economic Supplements of the US Census Bureau's Current Population Survey for March 1994–2023; and “National Data: National Income and Product Accounts,” Bureau of Economic Analysis, last revised September 2025. See Appendix for full details.

Note: GDP = gross domestic product.

Table 9

Immigrants of all educational attainment lowered debt-to-GDP

Immigrant net fiscal flows as a share of GDP produced, 1994–2023

Generation	Education	Tax (B\$)	Net fiscal impact (B\$)	Net per capita	GDP (B\$)	Net/GDP
All US-born	All	\$148,715	−\$44,354	−\$166,605	\$530,890	−8.4%
Immigrants	All	\$24,189	\$10,590	\$287,150	\$83,544	12.7%
Immigrants	No high school	\$3,141	−\$643	−\$67,316	\$10,877	−5.9%
Immigrants	High school	\$4,461	\$933	\$98,876	\$14,668	6.4%
Immigrants	Some college	\$3,899	\$1,471	\$223,007	\$12,449	11.8%
Immigrants	Bachelor's degree	\$6,378	\$3,859	\$527,028	\$21,726	17.8%
Immigrants	Advanced	\$6,310	\$4,970	\$1,253,586	\$23,824	20.9%
Immigrants	No bachelor's degree	\$11,502	\$1,761	\$68,806	\$37,994	4.6%
Immigrants	More than a bachelor's degree	\$12,688	\$8,829	\$782,228	\$45,550	19.4%

Sources: Calculations are based primarily on the Annual Social and Economic Supplements of the US Census Bureau's Current Population Survey for March 1994–2023; and “National Data: National Income and Product Accounts,” Bureau of Economic Analysis, last revised September 2025. See Appendix for full details.

Notes: GDP estimates are based on the share of earned income in the CPS-ASEC. All amounts are in inflation-adjusted 2024 dollars. B\$ = billions of dollars; GDP = gross domestic product.

Why Illegal Immigrants Were Fiscally Positive

The Current Population Survey data on which this report is primarily based do not specifically record whether someone has a legal status in the United States, and the survey's sample of noncitizens is not sufficient to reliably estimate the number of illegal immigrants indirectly.⁴⁸ However, given that even low-skilled noncitizens are fiscally beneficial, illegal immigrants likely are as well. Nonetheless, to provide a more specific estimate, we can use illegal immigrant eligibility for benefits and apply outside estimates of the illegal immigrant population's education, income, and assumed tax compliance to piece together a directionally accurate, if imprecise, calculation of their fiscal effects from 1994 to 2023.

Many illegal immigrants—employed under borrowed or stolen identities—have taxes withheld by employers and then are less likely to file returns to claim their refunds. The Appendix provides a more detailed explanation, but after accounting for their lower income and lower tax compliance, the available data indicate that illegal immigrants pay individual income and payroll taxes at about 67 percent of the average rate of compliance, either through withholding or filing tax returns. They also directly or indirectly pay property taxes, corporate taxes, sales taxes, excise taxes, and many state fines and fees.

Illegal immigrants were generally ineligible for government benefits, with the following exceptions: school lunch; Special Supplemental Nutrition Program for Women,

Infants, and Children (WIC); workers' compensation; public K–12 education; the Earned Income Tax Credit (before 1996); the Child Tax Credit (before 2017); local shelter services (in 2023); emergency Medicaid; and regular Medicaid (in a few states, but only recently and with narrower eligibility). It is likely that illegal immigrants are less likely to apply for benefits for which they qualify, but for our estimate, we assume the same per capita use as noncitizens with the same level of education.⁴⁹ All of these state and federal eligibility restrictions are strictly enforced, but to account for fraud and unusual situations in which a noncitizen can lack status but temporarily be deemed “lawfully present” for purposes of benefits (such as while applications are pending), we assign illegal immigrants 5 percent of the relevant noncitizen level for all ineligible benefit programs.

Table 10 shows the upshot of this exercise: Illegal noncitizens were only somewhat less fiscally positive per capita than noncitizens generally, and they likely reduced the deficit by at least \$1.7 trillion from 1994 to 2023. Illegal immigrants of all educational attainments are also likely to have paid more in taxes than they received in government benefits. Although we adopt simple assumptions, it is difficult to arrive at a conclusion significantly different from the one below. Even if illegal immigrants used benefits at the exact same rate as all noncitizens, they would still be, on average, fiscally beneficial to the United States—both by reducing the debt in real terms and by lowering debt-to-GDP.

Table 10

Illegal immigrants likely reduced deficits by \$1.7 trillion

Benefits used and taxes generated by noncitizens, taxes generated, with estimates for illegal noncitizens, 1994–2023

Group	Category	No high school (per capita)	High school (per capita)	Some college (per capita)	More than a bachelor's degree (per capita)	All (per capita)	Cumulative
Noncitizens	Population share (%)	32%	26%	16%	26%	100%	100%
Noncitizens	Taxes	\$312,949	\$404,009	\$453,220	\$899,103	\$510,394	\$10.77T
Noncitizens	Benefits	\$315,592	\$296,019	\$302,754	\$255,546	\$292,936	\$6.18T
Noncitizens	Net fiscal impact	-\$2,643	\$107,990	\$150,466	\$643,557	\$217,459	\$4.59T
Illegal noncitizens	Population share (%)	46%	25%	14%	15%	100%	100%
Illegal noncitizens	Taxes	\$245,778	\$314,120	\$350,822	\$676,169	\$340,281	\$3.02T
Illegal noncitizens	Benefits	\$132,344	\$156,049	\$185,035	\$161,835	\$149,997	\$1.33T
Illegal noncitizens	Net fiscal impact	\$113,433	\$158,071	\$165,787	\$514,334	\$190,284	\$1.69T

Sources: Calculations are based primarily on the Annual Social and Economic Supplements of the US Census Bureau’s Current Population Survey for March 1994–2023; “National Data: National Income and Product Accounts,” Bureau of Economic Analysis, last revised September 2025; “DATASET: Undocumented Immigrants in the United States, by Educational Attainment and Year, 2010–2019,” Center for Migration Studies, August 25, 2022; and “Estimates of Undocumented and Eligible-to-Naturalize Populations by State,” Center for Migration Studies, 2025. See Appendix for full details.

Note: All amounts are in inflation-adjusted 2024 dollars.

Why Immigrants Are Fiscally Positive in the Long Term

Immigrants, noncitizens, low-skilled immigrants, and illegal immigrants were fiscally beneficial overall from 1994 to 2023. By itself, this is a significant finding, because it implies that the United States’ debt to this point is less than it would have been without those immigrants. However, it raises questions about how to understand the big picture. Did our results arise because new immigrants were constantly entering at working ages, thereby increasing revenues? Or were the immigrants who entered 30 years ago also fiscally positive on their own for the last three decades? Fortunately, we have the data to answer these questions.

The Current Population Survey first started recording citizenship status and birthplace in 1994. Therefore, the first group of immigrants we can continuously follow from 1994 to 2023 entered the US from 1990 to 1993. We cannot isolate only 1993 or 1994 because of how the survey codes immigrant arrival years into groups, but regardless, the multiyear period

provides a better sample size. This 1990–1993 cohort, which was fiscally positive overall by \$1.7 trillion from 1994 to 2023, reinforces the conclusions of this report’s prior sections. The noncitizens were positive \$704 billion, and the low-skilled immigrants and low-skilled noncitizens were positive \$441 billion and \$248 billion, respectively (Table 11).

Immigrants who entered from 1990 to 1993 generated \$2.4 trillion in taxes, and they were fiscally net positive nearly \$1.3 trillion, growing to \$1.7 trillion with interest savings. Low-skilled immigrants paid \$1.2 trillion in taxes and were net positive \$441 billion. Figures 33 and 34 show the fiscal flows over time. As the graphs show, the 1990–1993 cohort was initially barely fiscally positive. At the state and local level, the cohort even began fiscally negative. But as education costs dwindled and more members of the cohort entered the labor force, the fiscal surplus surged, and taxes have remained far above expenses ever since.

Table 11

The 1990–1993 immigrant cohort has reduced deficits by trillions

Taxes paid by, benefits received by, and net interest saved for immigrants who entered between 1990 and 1993

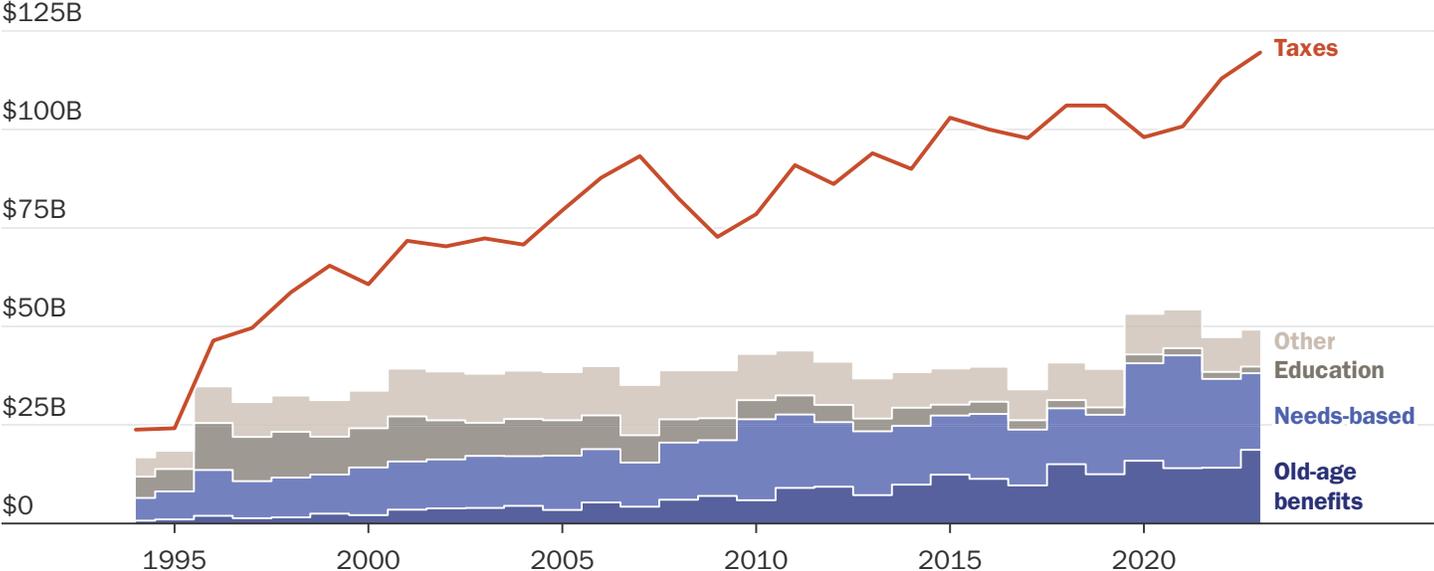
Category	Full cohort	Noncitizens	Low-skilled immigrants	Low-skill noncitizens
Taxes	\$2.4T	\$1.1T	\$1.2T	\$676.3B
Benefits	\$1.1T	\$601.2B	\$854.3B	\$501.9B
Net fiscal impact	\$1.3T	\$475.5B	\$328.1B	\$174.4B
Interest saved	\$397.7B	\$228.5B	\$113.0B	\$73.7B
Net fiscal impact with interest saved	\$1.7T	\$703.9B	\$441.1B	\$248.1B

Sources: Calculations are based primarily on the Annual Social and Economic Supplements of the US Census Bureau’s Current Population Survey for March 1994–2023; and “National Data: National Income and Product Accounts,” Bureau of Economic Analysis, last revised September 2025. See Appendix for full details.

Note: All amounts are in inflation-adjusted 2024 dollars.

Figure 33
Immigrant arrivals from 1990 to 1993 are still fiscally positive 30 years on

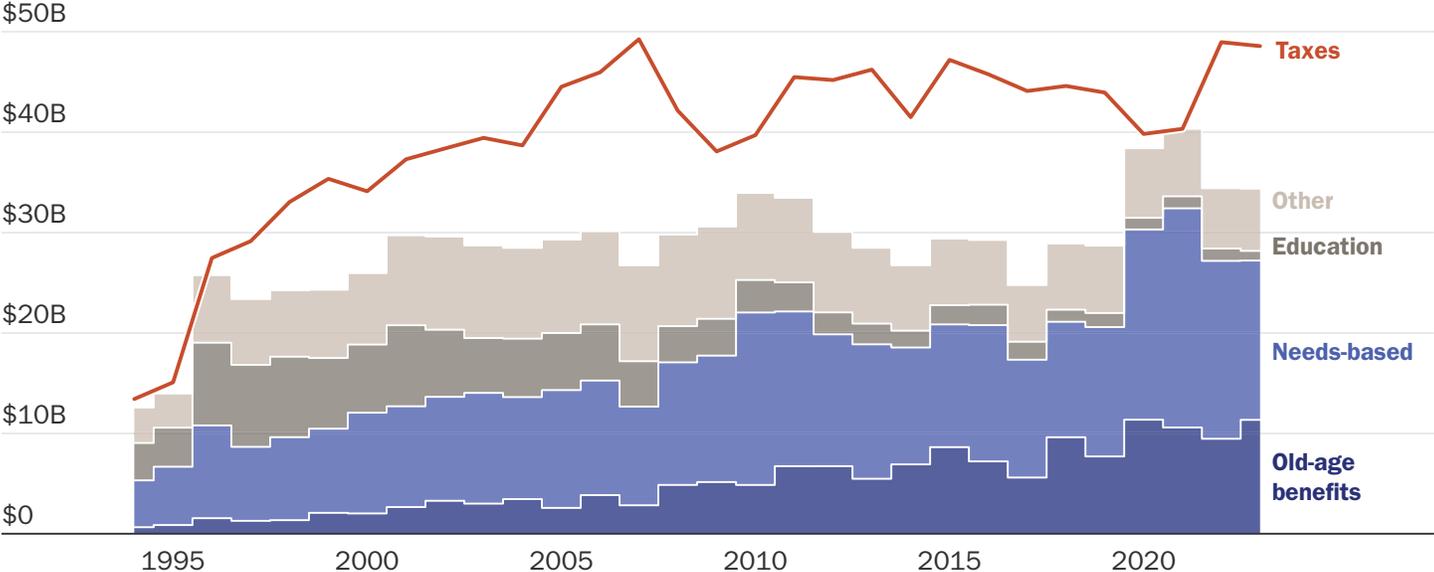
Immigrant 1990–1993 cohort, benefits received and taxes paid, 1994–2023



Sources: Calculations are based primarily on the Annual Social and Economic Supplements of the US Census Bureau's Current Population Survey for March 1994–2023; and “National Data: National Income and Product Accounts,” Bureau of Economic Analysis, last revised September 2025. See Appendix for full details.
Note: All amounts are in inflation-adjusted 2024 dollars.

Figure 34
Low-skilled immigrant arrivals from 1990 to 1993 are still fiscally positive 30 years on

Low-skilled immigrant 1990–1993 cohort, benefits received and taxes paid, 1994–2023



Sources: Calculations are based primarily on the Annual Social and Economic Supplements of the US Census Bureau's Current Population Survey for March 1994–2023; and “National Data: National Income and Product Accounts,” Bureau of Economic Analysis, last revised September 2025. See Appendix for full details.
Note: All amounts are in inflation-adjusted 2024 dollars.

Immigrants' Recent Effects on Government Budgets: 1994–2023

Obviously, at some point as they age out of the workforce, these immigrants will begin consuming more in government services than they pay in taxes, but by then they will have collectively generated a large fiscal surplus of trillions of dollars for the US government. Those fiscal savings will continue to save the government money far into the future by reducing interest payments on the debt even after the annual fiscal flow turns negative.

Immigrants who entered the US from 1990 to 1993

lowered debt across all levels of educational attainment (Table 12). Immigrants also considerably lowered the debt-to-GDP ratio relative to the US-born population. Even low-skilled immigrants in this cohort, who were roughly fiscal-flow neutral, substantially lowered the debt-to-GDP ratio relative to the US-born population during this period. Immigrants with higher education generated enormously positive fiscal flows over 30 years, peaking at \$1.4 million per capita for individuals with advanced degrees.

Table 12

The 1990–1993 cohort lowered debt-to-GDP regardless of education

Immigrant net fiscal flows as a share of GDP produced, 1994–2023

Generation	Education	Taxes (B\$)	Net fiscal impact (B\$)	Net fiscal impact per capita	GDP (B\$)	Net fiscal impact/GDP
All US-born	All	\$148,715	-\$44,354	-\$166,605	\$530,890	-8.4%
Immigrants	All	\$2,413	\$1,269	\$331,932	\$8,491	14.9%
Immigrants	No high school	\$350	\$0	\$188	\$1,240	0.0%
Immigrants	High school	\$456	\$148	\$146,832	\$1,555	9.5%
Immigrants	Some college	\$377	\$180	\$270,434	\$1,263	14.2%
Immigrants	Bachelor's degree	\$639	\$437	\$614,808	\$2,194	19.9%
Immigrants	Advanced	\$592	\$504	\$1,402,662	\$2,239	22.5%
Immigrants	No bachelor's degree	\$1,182	\$328	\$119,211	\$4,058	8.1%
Immigrants	More than a bachelor's degree	\$1,231	\$940	\$879,436	\$4,433	21.2%

Sources: Calculations are based primarily on the Annual Social and Economic Supplements of the US Census Bureau's Current Population Survey for March 1994–2023; and "National Data: National Income and Product Accounts," Bureau of Economic Analysis, last revised September 2025. See Appendix for full details.

Notes: GDP estimates are based on the share of earned income in the CPS-ASEC. All amounts are in inflation-adjusted 2024 dollars. B\$ = billions of dollars; GDP = gross domestic product.

The Children of Immigrants Will Be Fiscally Positive

The primary purpose of this report is to estimate the effects of immigrants themselves. The US-born children of immigrants are natural-born citizens, and whatever welfare or benefit rules that exist for other citizens must apply to them. Moreover, there is no methodological reason to stop the fiscal analysis with US-born children rather than grandchildren or great-grandchildren. The most logical division for analysis is between the US-born and immigrants. From a technical standpoint, in the Current Population Survey, we cannot extend our analysis to match second-generation adults with specific first-generation parents to compare the long-term effects of immigrant subpopulations along with their children.

Nonetheless, we can combine the second generation as a whole with the first generation to analyze whether the fiscal benefits of immigrants reverse when including the second generation. Our data currently show the second generation was indeed fiscally negative. However, this deficit

stems from the fact that two-thirds were born between 1994 and 2023, which means that relatively few had entered the labor force and started to pay taxes by 2023, though enough had entered that it would seriously bias the calculation to exclude their tax contributions, as some analyses do.⁵⁰ Even with these costs attributed to “immigrants,” immigration was still fiscally positive \$7.9 trillion from 1994 to 2023 (Table 13).⁵¹

Immigrants and their children were fiscally positive every year from 1994 to 2023 (Figure 35). They generated nearly \$35 trillion in taxes and created a net revenue surplus of nearly \$6 trillion, reducing deficits by \$7.9 trillion with interest savings.

In the future, the second generation will be the most fiscally positive generation. Figure 36 compares immigrants, US-born children of immigrants, and US-born without immigrant parents (third-plus generations) in terms of net fiscal effect by age (taxes minus benefits) from 2018 to 2023. The second generation’s peak is nearly double that of the

Table 13

Immigrants are fiscally positive even when including second-generation-immigrant children

Taxes and benefits received, 1994–2023

Category	All immigrants	Immigrants and their children
Taxes	\$24.19T	\$34.51T
Benefits	\$13.60T	\$28.65T
Net fiscal impact	\$10.59T	\$5.86T
Interest saved	\$3.88T	\$2.07T
Net fiscal impact with interest saved	\$14.47T	\$7.93T

Sources: Calculations are based primarily on the Annual Social and Economic Supplements of the US Census Bureau’s Current Population Survey for March 1994–2023; and “National Data: National Income and Product Accounts,” Bureau of Economic Analysis, last revised September 2025. See Appendix for full details.

Note: All amounts are in inflation-adjusted 2024 dollars.

Immigrants' Recent Effects on Government Budgets: 1994–2023

US-born population without immigrant parents, and they maintain that advantage for longer. Their median age is only 19, compared to the average age of 37 for the third-plus generation group and 45 for immigrants. This figure excludes pure public goods from the costs for the US-born, to make a comparison based only on benefits received. The second generation is also less costly per capita in childhood and retirement than the US-born without immigrant parents.

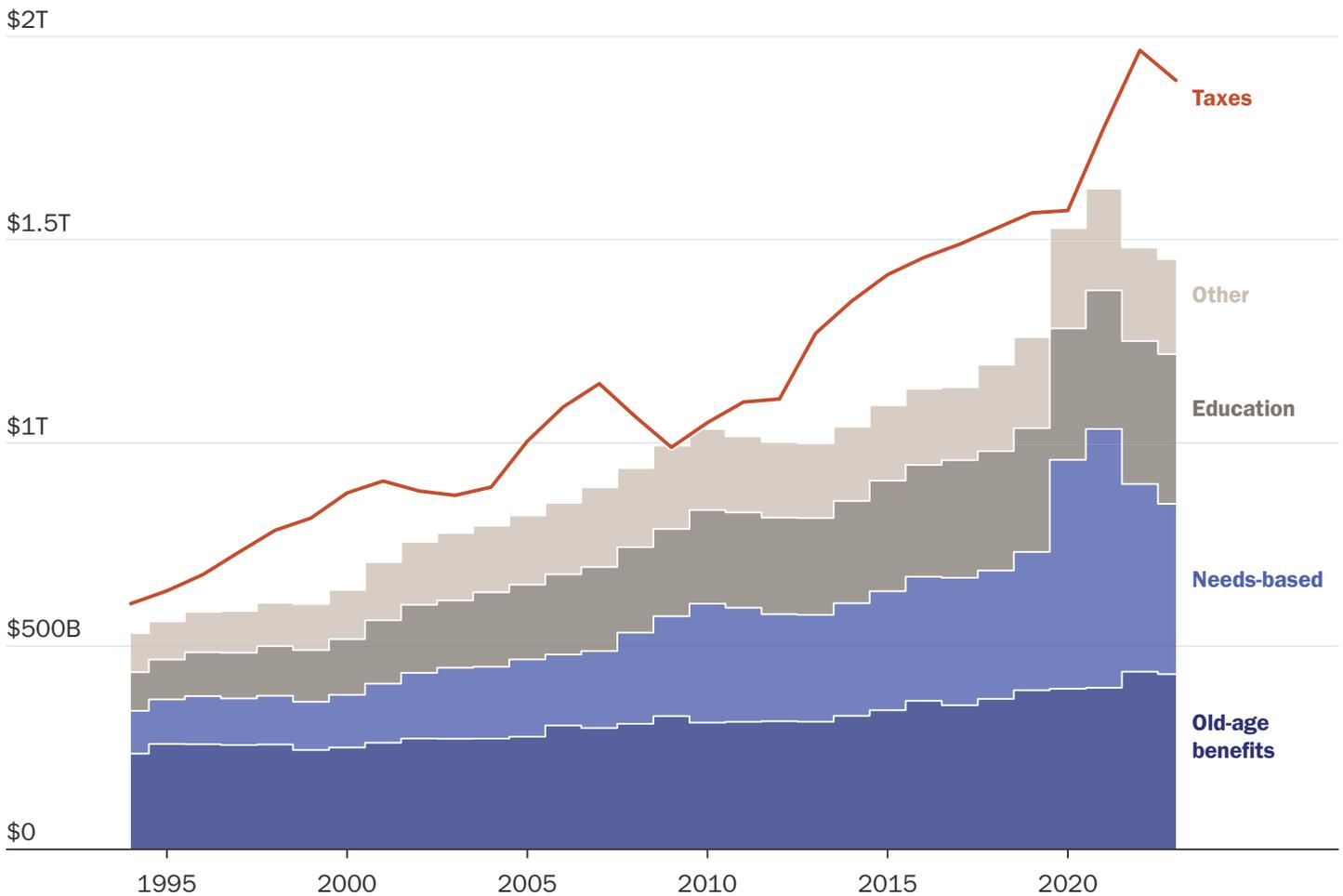
The reason the second generation has such a large net-positive fiscal effect during their prime working years is primarily that their incomes are higher than the

first generation or third-plus generation, resulting in the second generation paying more in taxes. The main reason for this is that the children of immigrants are more educated than immigrants and other Americans. They are nearly as likely to graduate from high school as the US-born, but about 7 percentage points more likely to graduate college (Figure 37). As the rest of the second generation ages into adulthood, they will become the most potent fiscal engine this country has ever seen, and over the next half century, the children of immigrants will also help mitigate a fiscal catastrophe.

Figure 35

Immigrants and their children generated more tax revenue than costs every year

Immigrants and their children, benefits received and taxes paid, 1994–2023



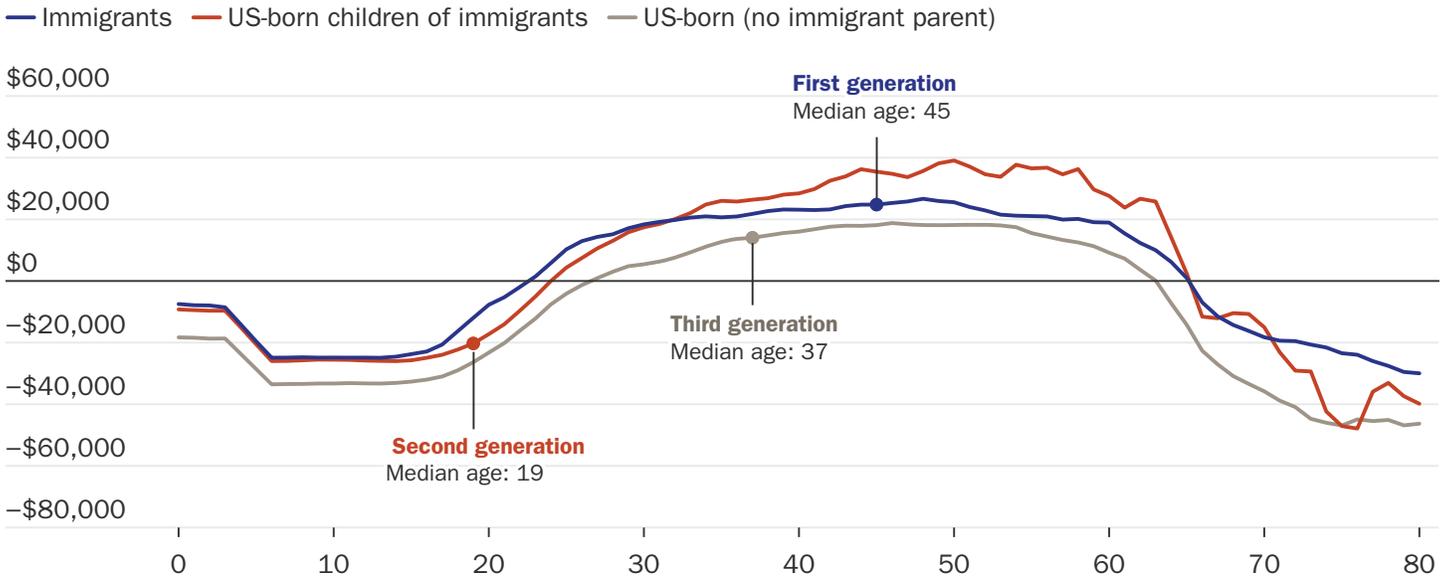
Sources: Calculations are based primarily on the Annual Social and Economic Supplements of the US Census Bureau's Current Population Survey for March 1994–2023; and "National Data: National Income and Product Accounts," Bureau of Economic Analysis, last revised September 2025. See Appendix for full details.

Note: All amounts are in inflation-adjusted 2024 dollars.

Figure 36

Second-generation immigrants (children of immigrants) have the most fiscal upside

Net fiscal effect (taxes minus benefits) by age, 2018–2023



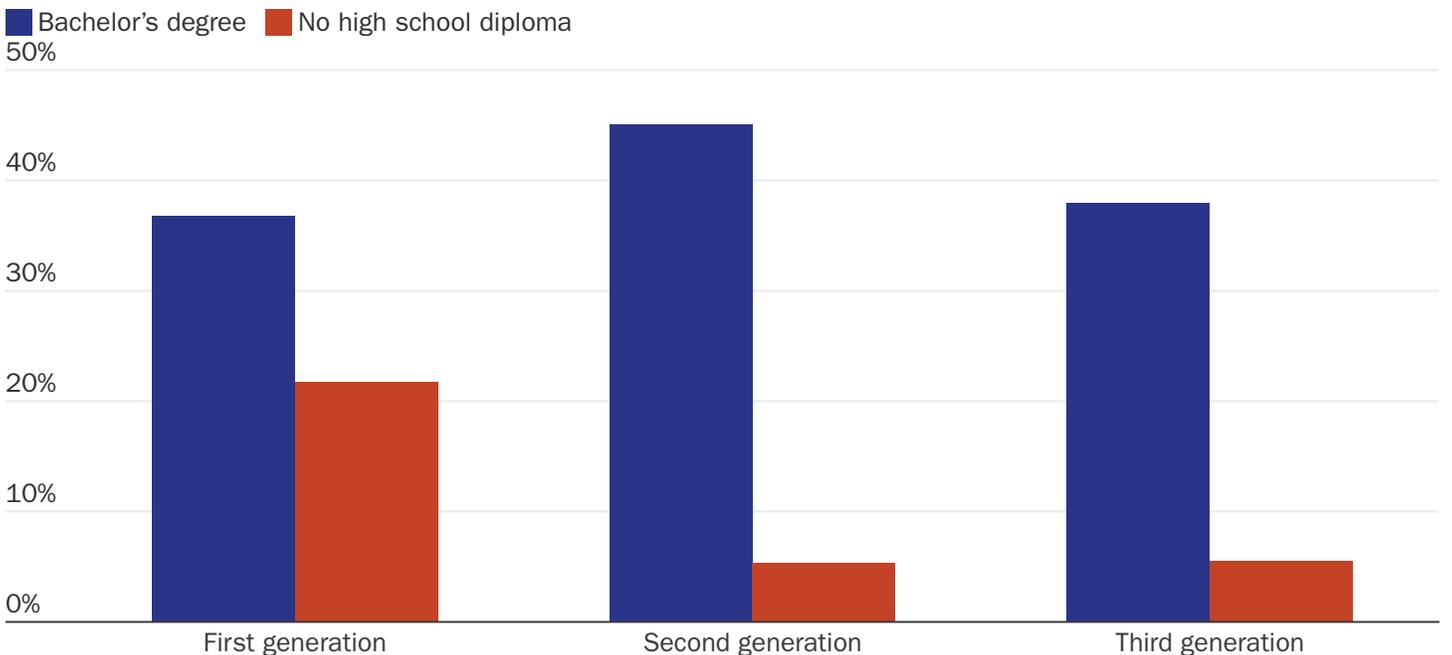
Sources: Calculations are based primarily on the Annual Social and Economic Supplements of the US Census Bureau's Current Population Survey for March 1994–2023; and "National Data: National Income and Product Accounts," Bureau of Economic Analysis, last revised September 2025. See Appendix for full details.

Notes: Ages use three-year averages. All amounts are in inflation-adjusted 2024 dollars.

Figure 37

US-born children of immigrants are the most educated generation of Americans

Share of US-born children of immigrants with a bachelor's degree, aged 25 and older, 2023



Source: Current Population Survey: 2023 Annual Social and Economic (ASEC) Supplement (US Census Bureau, 2023).

How Immigration Has Prevented a Debt Crisis

Immigrant taxes exceeded the cost of immigrant expenditures, such that removing immigrants would have increased US debt. But as noted earlier, removing the US immigrant population would not only deprive the government of tax revenue, it would also deprive the country of workers and shrink the US economy. This is not a trivial matter. Immigrants' share of total earned income grew from 8 percent to 17 percent from 1994 to 2023. Moreover, immigrants' contribution to the economy is disproportionate to their share of the population, meaning that losing them

would shrink the economy even more than losing a random group of Americans. GDP would shrink drastically without immigrants—by at least \$4.8 trillion in 2023—so the negative effect on government finances from fewer immigrants is manifested in more debt *and* a much smaller economy.

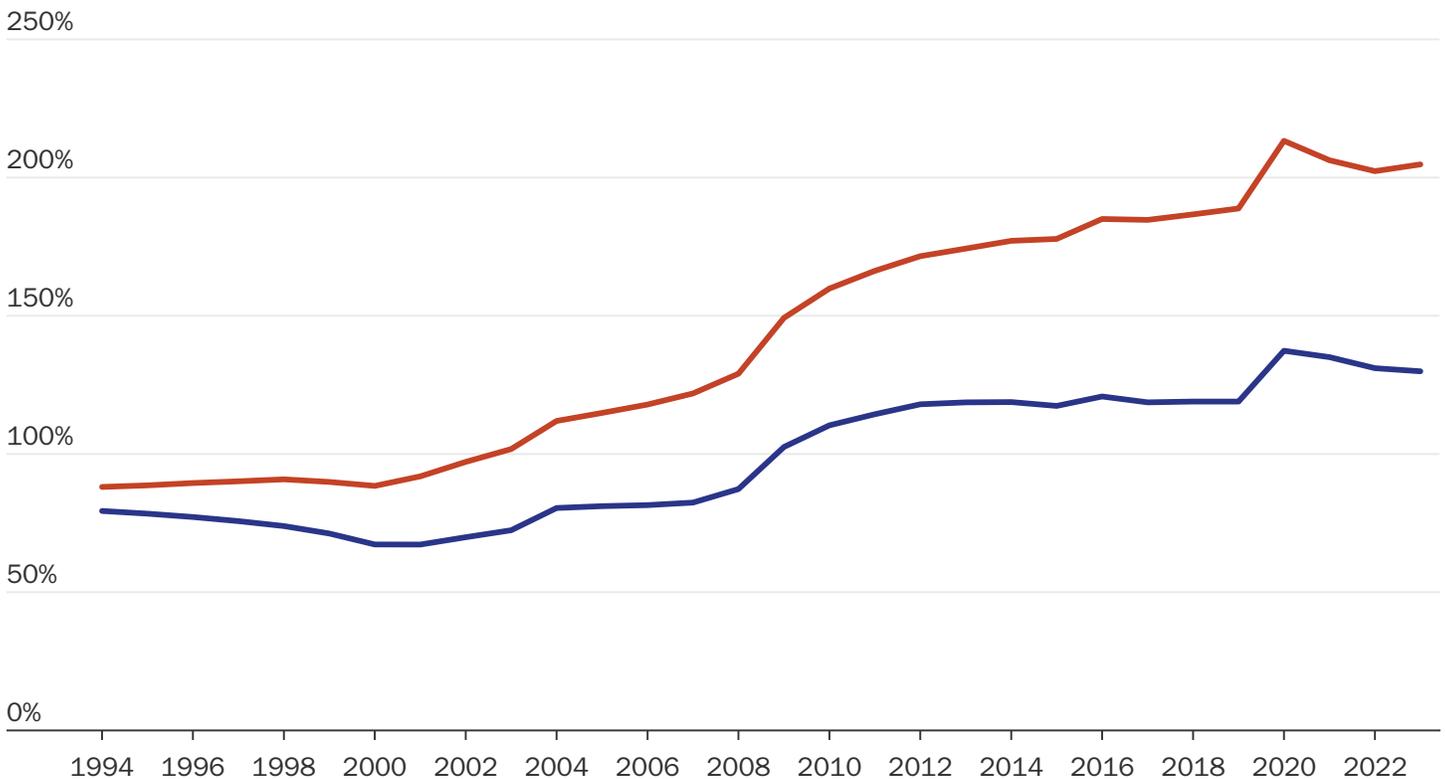
Figure 38 shows the trajectory of US debt with and without immigrants as a percentage of GDP from 1994 to 2023.⁵² By 2023, US debt at all levels would have been approximately 205 percent of GDP—75 percentage points higher without immigrants. This estimate is based on

Figure 38

US public debt would have reached unsustainable levels without immigrants

Federal, state, and local debt to GDP, 1994–2023

— Share of GDP — Share of GDP without immigrants



Sources: Calculations are based primarily on the Annual Social and Economic Supplements of the US Census Bureau's Current Population Survey for March 1994–2023; "National Data: National Income and Product Accounts," Bureau of Economic Analysis, 2025; "State and Local Governments; Debt Securities and Loans; Liability, Level," FRED, Federal Reserve Bank of St. Louis, last updated September 12, 2025; and "Federal Debt: Total Public Debt," FRED, Federal Reserve Bank of St. Louis, last updated September 2, 2025. See Appendix for full details.

Notes: Figure refers to public debt, but a very small percentage of state debt includes federal loans. GDP = gross domestic product.

immigrants' share of total earned income as a proxy for the share of GDP that immigrants create, so it understates the true effect by ignoring the indirect ways in which immigrants make US-born workers more productive, such as through increased investment, entrepreneurship, and skill complementarities. It also ignores how much higher interest rates would have been at such higher levels of debt.⁵³

Debt at 200 percent of GDP could trigger very negative fiscal and economic consequences. Some analysts believe that, at this threshold, the United States will face a debt crisis. Researchers at the Penn Wharton Budget Model reported in 2023 that “the US [federal] debt held by the

public cannot exceed about 200 percent of GDP” without default, monetization (inflation), or economic catastrophe.⁵⁴ Figure 38 depicts estimated total government debt without the positive fiscal effect of immigrants; though it includes some state and local debt, 91 percent of public debt is federal public debt. In other words, immigrants might have already prevented a debt crisis in the United States. Other analysts are less sure of whether 200 percent—or another threshold—would mean a crisis at that scale without other changes.⁵⁵ Regardless, there is a broad consensus that debt rising so far above GDP would have serious negative effects on economic growth and fiscal health.⁵⁶

Conclusion

Immigrants contribute to the United States' economy in many ways. Their primary contribution is the goods and services they directly produce. However, they also reduce the burden of government spending for the US-born population. Our analysis in this paper shows that immigrants generated a fiscal surplus of about \$14.5 trillion from 1994 to 2023, that the average immigrant is much less costly than the average US-born American, and that immigrants impose lower costs per person on old-age benefit, education, and public safety programs. Even immigrants without higher education produced a fiscal surplus, and even the lowest-skilled group, with a net-negative fiscal flow, reduced the US debt-to-GDP ratio.

Our major conclusions are robust; they would reverse only with a monumental shift in costs from the US-born to immigrants. For instance, only after increasing spending on immigrants by 51 percent (nearly \$4.9 trillion) does even the low-skilled immigrant population become more burdensome relative to GDP than the US-born. However, we believe our conclusions are too closely tied to well-established facts for such a large shift to be possible. We show that the average US person pays more in taxes than they receive in benefits (spending on items that are not pure public goods that do not scale with the population). Thus, as long as immigrants are at least average in their net fiscal payments, they will be fiscally positive.

Our report uses the best government data available to find that immigrants provide a net fiscal benefit, generating more than the average in taxes and using below the average US resident in benefits. We show that immigrants' higher-than-average tax contributions track

what we know about their income, which stems from high employment rates. Their lower per capita cost for education is the undeniable result of their being much less likely to be in school. This means that the United States is getting the economic benefits of immigrant workers without many of the costs that come with training new US-born workers. Combined with the fact that immigrants face more legal and practical barriers to using transfer benefits such as Social Security, Medicare, Medicaid, and means-tested income, food, and shelter assistance, the result—that immigrants provide a net fiscal benefit to the US economy—is virtually guaranteed.

Although the future need not replicate the past, the massive fiscal boon that immigrants have brought to the United States over the last three decades puts the immigrant population far ahead in any forward-looking analysis. Our analysis shows that the cohort of immigrants who entered the country 30 years ago was still strongly fiscally positive in 2023, and their fiscal savings from the past mean that the government will continue to save money on interest payments on the debt, even after their annual fiscal flow turns negative. Moreover, Cato Institute research has previously produced forward-looking estimates of the fiscal effects of immigrants that are largely compatible with our conclusions here.⁵⁷ Finally, we show that the second generation appears poised to create the biggest windfall from this wave of immigration. Indeed, immigrants appear to have already staved off a dire fiscal crisis, at least for now. Rather than treating them as the cause of America's fiscal struggles, we should consider immigrants part of the solution.