

Economic Projections for Asylum Seekers and New Immigrants: Colorado

Immigration is hardly a new social trend in Colorado. Of the 5.8 million people living in the state, 560,000 are immigrants, 10 percent of the total population, according to the 2022 American Community Survey.

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

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

Wages Earned and Taxes Paid by Newly Arriving Immigrants

New immigrants arriving in Colorado can expect to earn a median wage of about \$21,000 per year. If there are two wage earners in a family, as is likely the case for most of the immigrants coming in these past two years, their combined income would be about \$42,000.

WAGES EARNED AND TAXES PAID

	Annual Wages	Aggregate Wages per 1,000 Workers	State & Local Taxes Paid per 1,000 Workers
When First Working	\$21,000	\$21 million	\$1.7 million
After About 5 Years	\$32,000	\$32 million	\$2.6 million

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

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

Once immigrants have been here for about five years, their median wage will likely increase to about \$32,000 per year, as they earn higher wages and as a larger share get full-time jobs, raising a two-earner family's income to about \$64,000.

Newly arriving immigrants also grow the economy and pay taxes. In the first year after arrival, the IRI model

predicts that for each 1,000 newly arrived immigrant workers the aggregate annual wages paid is \$21 million—a direct economic benefit to the region in which they are working in both the value of work produced and in added local spending power. State and local tax revenues also increase as immigrants settle in the area. For each 1,000 workers, initial state and local tax revenues are predicted to increase by \$1.7 million. After these immigrants have been here for about five years, the IRI model predicts that every 1,000 workers will collectively earn about \$32 million in annual wages and contribute around \$2.6 million towards state and local tax revenues.

Immigrants Move Up in the Economy Over Time

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

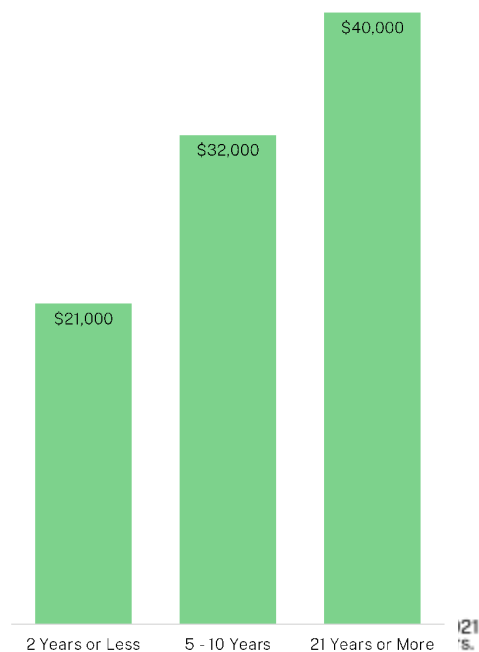
By the time immigrants have been in Colorado for about five years, they can expect to earn about \$32,000, up from a \$21,000 median wage for those who have been in the U.S. for less than two years. A key reason for this is that many immigrants start working part-time jobs when they first get to the U.S., and then get full-time jobs once they have settled. After being here for 20 years, that median wage grows to \$40,000. In many cases, families have two working adults, which makes their family income double the individual wage.

Projected wages are in 2021 dollars, so the future wages can be understood in today's economic terms. This also assumes some pathway to work authorization, and for those who do not gain work authorization, upward economic mobility is limited.

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

When immigrants first arrive in the United States, the IRI model shows the work positions immigrants are most likely to find are as construction laborers, cashiers, housekeepers, agricultural workers, and cooks. Many will also find work in occupations with at least slightly higher wages in jobs such as retail salespeople,

PROJECTION OF WAGE ADVANCEMENT FOR NEWLY ARRIVING IMMIGRANTS



truck drivers, registered nurses, or nursing assistants.

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

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Methodology

To model the likely outcomes for new arrivals, IRI looked at immigrants in Colorado who had been in the country for less than two years and don't speak English very well.

To model the outcome for those who have been here for about five years, we expanded the analysis to include those who speak English "very well," but did not include those who speak "only English" at home, reflecting the fact that most—though not all—immigrants learn to speak the language very well within five years. We did not include in the analysis people who speak "only English at home." To get a robust sample size, IRI looked at two years for new arrivals and five to ten years for those who have been in Colorado longer.

The tax analysis is based on a simple use of the Institute on Taxation and Economic Policy's report "[Who Pays: A Distributional Analysis of the Tax Systems in All 50 States](#)." According to the most recent, 7th Edition, the bottom 20 percent of tax filers in Colorado pay 8.3 percent of their income in state and local taxes. We use this as the effective tax rate for newly arriving immigrants as well as for those who have been here for five years.

Many, but not all, of the workers would have work authorization. Many newly arriving immigrants are eligible to apply for Temporary Protected Status, humanitarian parole, asylum, or other designations that give them temporary or permanent work permits. The Institute on Taxation and Economic Policy's related report, "[Undocumented Immigrants' State and Local Tax Contributions](#)," shows that immigrants without work authorization pay an effective tax rate of 6.6 percent in Colorado, a little lower than those with work authorization. The overall tax estimate might be increased some by families with incomes on the higher range, and decreased some by the proportion of immigrants who are undocumented.