

WHAT'S ON THE LINE:

THE COSTS OF DELAYING IMMIGRATION REFORM FOR
VIRGINIA'S ECONOMY AND SMALL BUSINESSES



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BACKGROUND: IMMIGRANTS IN VIRGINIA'S ECONOMY

Immigrants in Virginia's Population and Workforce

Virginia's population in 2011 included over 900,000 immigrants.¹ While immigrants made up 11.1 percent of the state's population, the estimated 624,635 immigrant workers in the labor force comprised 14.6 percent of Virginia's workforce.²

Immigrant, Asian and Latino Business Ownership in the U.S. and Virginia

Nationwide in 2011, immigrants started 28 percent of all new businesses, compared to their 13 percent share of the U.S. population, according to the Partnership for a New American Economy. Based on this data, immigrants are more than twice as likely to start a business as U.S.-born citizens.³

Furthermore, small businesses owned by immigrants employed an estimated 4.7 million people nationwide in 2007 (the year of the latest Census Bureau Survey of Business Owners), with more than \$750 billion in annual revenue.⁴ Immigrant-owned businesses employ one out of every 10 workers in privately-owned companies.⁵

Asian-owned and Latino-owned businesses (including both immigrant and U.S.-born owners) play a significant role in Virginia's economy. Virginia was home to 44,575 Asian-owned businesses and 28,578 Latino-owned businesses in 2007 (the last year for which data is available). Virginia's Asian-owned businesses had sales and receipts of \$13.2 billion and employed 92,141 people in 2007; the state's Latino-owned businesses had sales and receipts of \$5.9 billion and employed 34,177 people in 2007.⁶

Immigrant, Asian and Latino Residents' Purchasing Power in the U.S. and Virginia

Nationally, immigrants earned \$1.1 trillion in 2010, according to the American Community Survey.⁷ The purchasing power of Latinos and Asians, many of whom are immigrants, will reach \$1.5 trillion and \$775 billion, respectively, for a combined \$2.25 trillion by 2015, according to the Immigration Policy Center.⁸

In Virginia, Asian and Latino residents represent growing purchasing power in the state's economy. The purchasing power of Asians in Virginia in 2012 was \$23.5 billion. Latino residents' purchasing power in 2012 was \$19.5 billion.⁹ Combined, Asian and Latino buying power in Virginia totaled \$43 billion in 2012.

ECONOMIC IMPACTS OF IMMIGRATION REFORM IN 2014: ECONOMIC ACTIVITY AND JOBS

The immigration reform package passed by the U.S. Senate on June 27 (S. 744, the Border Security, Economic Opportunity, and Immigration Modernization Act of 2013) included a range of provisions with likely impacts on economic activity and employment in the United States.

Regional Economic Models, Inc. (REMI) analyzed core components of the Senate package in July 2013, using its PI⁺ multiregional macroeconomic model (a structural economic forecasting and policy analysis model) to estimate the effects of immigration reform on economic activity, job creation, and other indicators for all 50 states and the District of Columbia. Components of the Senate package analyzed in REMI's PI⁺ simulations included reforms to high-skilled (H-1B) visas, reforms to lesser-skilled visa programs (H-2A and H-2B), the creation of a new worker visa program (W-1), and the bill's pathway to legal status and eventual earned citizenship for unauthorized immigrants.

REMI's simulations found positive net impacts on job creation and economic activity for every state and the country as a whole.

At the national level, the REMI analysis found immigration reform with these core provisions would generate \$38.6 billion in new economic activity and create 434,425 jobs across the U.S. in 2014.

For Virginia, the REMI simulation found immigration reform with these core components would generate \$988 million in economic activity and 10,991 jobs in Virginia in 2014.

Figure 1.

Economic Impacts of Immigration Reform in 2014: Jobs and Dollars in the Virginia and U.S. Economies		
	New Jobs	Increase in Economic Activity <i>(Gross State Product or Gross Domestic Product, real 2012 dollars)</i>
Virginia	10,991	\$988 million
United States	434,425	\$38.6 billion

Source: Regional Economic Models, Inc. data sets from July 2013 immigration reform report, <http://www.remi.com/immigration-report>

COSTS OF DELAYING IMMIGRATION REFORM FOR THE U.S. AND VIRGINIA'S ECONOMY

These positive effects of immigration reform on overall economic activity and job creation in 2014 highlight the economic potential of immigration reform. They also point to the costs of delaying immigration reform for the U.S. and state economies.

Costs to the U.S. Economy

Based on the 2014 impact numbers at the national level, every month of delay costs the country \$3.2 billion in delayed or foregone economic activity and 36,200 jobs. Every day of delay costs the country \$106 million in economic activity and 1,190 jobs.

Costs to Virginia's Economy

For Virginia, based on the 2014 data, every month of delay costs Virginia more than \$80 million in economic activity and more than 900 jobs.

As immigration reform faces continuing delays, these costs grow. According to this analysis, delaying immigration reform and its economic impacts for three months costs Virginia almost \$250 million in economic activity and more than 2,700 jobs. Delaying immigration reform for six months will cost Virginia almost \$500 million in economic activity and almost 5,500 jobs.

Figure 2.

Costs of Delaying Immigration Reform for Virginia's Economy: Lost Jobs and Economic Activity		
	Jobs	Economic Activity <i>(Gross State Product, real 2012 dollars)</i>
Cost Per Month	916	\$82.3 million
Cost of 3 Month Delay	2,748	\$247 million
Cost of 6 Month Delay	5,496	\$494 million

Source: Authors' calculations based on data from Figure 1.

SMALL BUSINESS OWNERS' VIEWS ON IMMIGRATION REFORM

These economic figures on the costs of delaying immigration reform provide new context for results of a scientific national survey of small business owners conducted in the spring of 2013 that found broad bi-partisan support for immigration reform among small business owners across the country.

The Main Street Alliance and the American Sustainable Business Council commissioned a scientific live telephone survey of 515 small business owners nationwide in March 2013 to explore small business owners' views on immigration. Key findings from the survey for business owners from the Southern region, which includes Virginia, are:

Small business owners across the Southern region support a roadmap to citizenship for immigrants already living in the U.S. by a margin of two to one: 61 percent of Southern small business owners support a roadmap to citizenship for immigrants currently living and working in the U.S., while 31 percent oppose it. Nationwide, this support holds with large margins across party lines: Republican small business owners (62 percent support – 31 percent oppose), Democratic small business owners (82 percent – 13 percent), and Independent small business owners (65 percent – 29 percent) all support a roadmap to citizenship for current immigrants by margins of two to one or more.

Southern small business owners favor a roadmap to citizenship for future immigrants over a temporary worker program with no roadmap to citizenship by a margin of 25 points: 57 percent of Southern small business owners think the immigration process for future immigrant workers should include a roadmap to citizenship, compared to 32 percent who think it should be a temporary guest worker program with no roadmap to citizenship.

Southern small business support for immigration reform is animated by multi-faceted views about the role of immigrants in the economy: Three statements outlining potential rationales for the importance of immigration reform to small businesses were presented, and respondents were asked if they agreed or disagreed with each. Over two thirds of Southern small business owners agreed with each statement:

- On a statement highlighting **the historical role of immigrant business owners and workers in building strong local economies**, Southern small business owners agreed 79 percent – 16 percent.
- On a statement about **the potential of immigrant economic integration to strengthen the small business customer base**, Southern small business owners agreed 62 percent – 32 percent.
- On a statement positing **the importance of keeping families together to ensure a productive workforce for small businesses**, Southern small business owners agreed 64 percent – 30 percent.

Nationally, respondents in this scientific live phone survey were politically diverse, with a strong plurality of Republicans or Independents who lean Republican: 47 percent identified as Republican (36 percent) or Independent-leaning Republican (11 percent); 27 percent as Democratic (19 percent) or Independent-leaning Democratic (8 percent); and 26 percent as Independent (14 percent) or other (12 percent).

The full survey findings are available at: <http://bit.ly/smallbusinesspollimmigration>.

ENDNOTES

¹ U.S. Census Bureau, 2011 American Community Survey (1-Year Estimates).

² 2011 American Community Survey (1-Year Estimates); Immigration Policy Center, [NEW AMERICANS IN VIRGINIA: The Political and](#)

² 2011 American Community Survey (1-Year Estimates); Immigration Policy Center, [NEW AMERICANS IN VIRGINIA: The Political and Economic Power of Immigrants, Latinos, and Asians in the Old Dominion State](#) (Washington, DC: American Immigration Council, May 2013).

³ Partnership for a New American Economy, [Open For Business: How Immigrants Are Driving Small Business Creation In The United States](#) (August 2012).

⁴ David Dyssegaard Kallick, [Immigrant Small Business Owners: A Significant and Growing Part of the Economy](#) (New York, NY: Fiscal Policy Institute, June 2012).

⁵ Partnership for a New American Economy. http://www.renewoureconomy.org/?q=2012_08_14c.

⁶ U.S. Census Bureau, *Estimates of Business Ownership by Gender, Ethnicity, Race, and Veteran Status: 2007*, June, 2011; via Immigration Policy Center, [NEW AMERICANS IN VIRGINIA](#).

⁷ U.S. Census Bureau, 2010 American Community Survey.

⁸ Immigration Policy Center, [STRENGTH IN DIVERSITY: The Economic and Political Power of Immigrants, Latinos, and Asians in the U.S.](#) (Washington, DC: American Immigration Council, June 2012).

⁹ Jeffrey M. Humphreys, *The Multicultural Economy 2012* (Athens, GA: Selig Center for Economic Growth, University of Georgia, 2012); via Immigration Policy Center, [NEW AMERICANS IN VIRGINIA](#).