

# EXECUTIVE SUMMARY

## DESTINATION, NEW JERSEY: How IMMIGRANTS BENEFIT THE STATE ECONOMY



by

Ira N. Gang

Anne Morrison Piehl

Program on Immigration and Democracy

Eagleton Institute of Politics

Rutgers, The State University of New Jersey

# Executive Summary

## Overview

New Jersey's immigrants are so essential to its economy that if you did the thought experiment of subtracting their work, you'd find that New Jersey itself would grind to a halt. Once concentrated in the state's northern cities, today's immigrants inhabit every corner of the state: From the Dominican journalist reporting in Jersey City, to the Indian chemist at her lab in Plainsboro; from the Italian deli-owner carving prosciutto in Montclair, to the Haitian father driving a taxi in Camden; from the Lebanese professor running her seminar at Princeton, to the Guatemalan teenager harvesting cranberries in the Pinelands: immigrants make New Jersey run.

According to the U.S. Census, 1.7 million of New Jersey's 8.7 million residents were born outside the United States. Only New York and California have larger proportions of immigrants. While its share of immigrants has been rising since the 1970s, New Jersey saw the most rapid growth in its immigrant population between 1990 and 2000.

Most of the foreign born come to New Jersey seeking better lives for themselves and their children, primarily through work. Because of their relative youth, immigrants make up an even greater share of the workforce (28 percent) than of the general population (21 percent).

Immigrant workers hold every job imaginable. By and large, though, they are concentrated at the high and low ends of the education and earning ladder. Immigrants comprise 40 percent of the advanced degree holders statewide. Their specialized skills make them indispensable to New Jersey's reputation as a center of innovation and technology.

But New Jersey's foreign-born workers are also overrepresented among those without skills or formal education. They scrape by working as janitors, housekeepers, cooks, construction workers and taxi drivers, and in other occupations characterized by low wages, limited or non-existent benefits, and often negligible safety or wage regulation. On balance, New Jersey's immigrant workers earn less than their native-born counterparts.

From a fiscal standpoint, there is evidence to suggest that as 28 percent of the state's workforce, immigrants contribute more in property, sales and income taxes than they use in services.

## Highlights

- Immigrants make up 28 percent of the New Jersey workforce, a significantly larger share than their representation in the general population, because immigrants come to New Jersey for their productive years.
- Foreign-born workers bring in almost one-quarter or 23 percent of all earnings statewide. Of the \$207 billion New Jersey residents earned in 2006, immigrant workers earned \$47 billion. They are key contributors to New Jersey's economic output, and hence critical to the state's tax base.
- Diversity is a hallmark of those who move to New Jersey from abroad. Hailing from nearly 100 nations, largely concentrated in Latin America, Asia and Europe, they speak more than 165 languages. More than half (54 percent) report speaking English 'very well.'

- Just under half of the immigrants living in New Jersey today are U.S. citizens. Among those who have not or cannot take the steps to become citizens, many are parents of U.S. citizens. Nearly one-third of all children in New Jersey live in families where at least one member (usually a parent) is foreign-born.
- The vast majority of the 1.7 immigrants living in New Jersey have legal authorization to be in the U.S. But legal status is fluid, not fixed. As of 1996, 10 percent of legal immigrants reported having at one time been undocumented.
- Foreign-born workers are overrepresented in critical occupations at both ends of the earnings ladder. For example, more than 40 percent of chemists, nursing aids, physicians, and janitors are foreign-born.
- Foreign-born are less likely than natives to be incarcerated. In New Jersey, the foreign born make up 25 percent of the population of males aged 18 to 24, but yet they are only 4 percent of the prison population.
- The foreign born are critical to New Jersey's significance as a hub of innovation. Over 40 percent of the state's scientists and engineers with higher degrees are foreign-born. Nationally, New Jersey trails only California and New York in the number of immigrant workers who enter its workforce with high-skilled visas.
- Experts at the Department of Homeland Security estimate that 450,000 undocumented immigrants were living in New Jersey in 2007. This figure puts the state in the top five nationally. But the rate of growth is slowing down. Between 2000 and 2007, New Jersey's undocumented population grew by 32 percent while the average growth across states was 39 percent.
- Most economists agree that, nationally, immigrants have a negligible effect on the earnings of the native born. Some estimates suggest that between 1990 and 2000, immigration drove up the wages of natives without high school diplomas by as much as 3 percent.
- Census data reveal that more than 20 percent of business owners in New Jersey are foreign-born. Foreign-born business owners generate nearly one-fifth of the business income statewide.
- On average, immigrant workers earn less. The median earnings for native-born workers in New Jersey is \$48,300, compared to \$35,000 for foreign-born workers.

## **Conclusion**

Not only do immigrants pay taxes on goods and services (sales), rent (property), and income. They also staff businesses, start others, enrich local culture and rejuvenate stagnant neighborhoods. More diverse than newcomers to perhaps any other state in the nation, New Jersey's immigrants are integral not just to the state's economy but also to its economic future – making it a paragon of diversity and a player in the global marketplace.



**Eagleton Institute of Politics**  
**191 Ryders Lane**  
**New Brunswick, NJ 08901**