

The Contributions of Temporary Protected Status Holders to the U.S. Economy

Introduction

Created as part of the Immigration Act of 1990, [Temporary Protected Status \(TPS\)](#) is a program that allows certain individuals from designated countries that are facing severe temporary conditions, such as ongoing armed conflicts or natural disasters, to stay in the United States until it is deemed safe to return home. More than 354,000 immigrants lived and worked in the United States under TPS in 2021 alone.

TPS is granted for six, 12, or 18 months at a time, though the government can, and often does, extend the designation. During this designated period, the program provides TPS holders work authorization and protection from deportation. If the federal government decides to terminate or not to extend a TPS designation—as the Trump administration threatened to do for many designated countries—TPS holders, many of whom have lived in the United States for two decades or more building careers and raising families,¹ could be forced to return to places where violence is ongoing, such as El Salvador, Haiti, Nicaragua, or Sudan.

For many, those realities would be reason enough to support the TPS program. However, additional benefits of allowing TPS holders to remain in the United States include workforce and economic considerations. In this report, we detail how the more than 354,000 people holding TPS status in 2021, the latest year for which socioeconomic data is available, made a significant impact on the U.S. economy as workers, business owners, taxpayers, consumers, and homeowners.²

Since 2021, the Biden Administration has broadened the TPS program by issuing TPS designations for six new countries and extending designations for 10 others.³ This has raised the number of TPS holders to 610,630 individuals as of March 2023, further increasing the economic clout of these immigrants who have strived to build their lives in the United States, despite the uncertainties.⁴

National Economic Impact

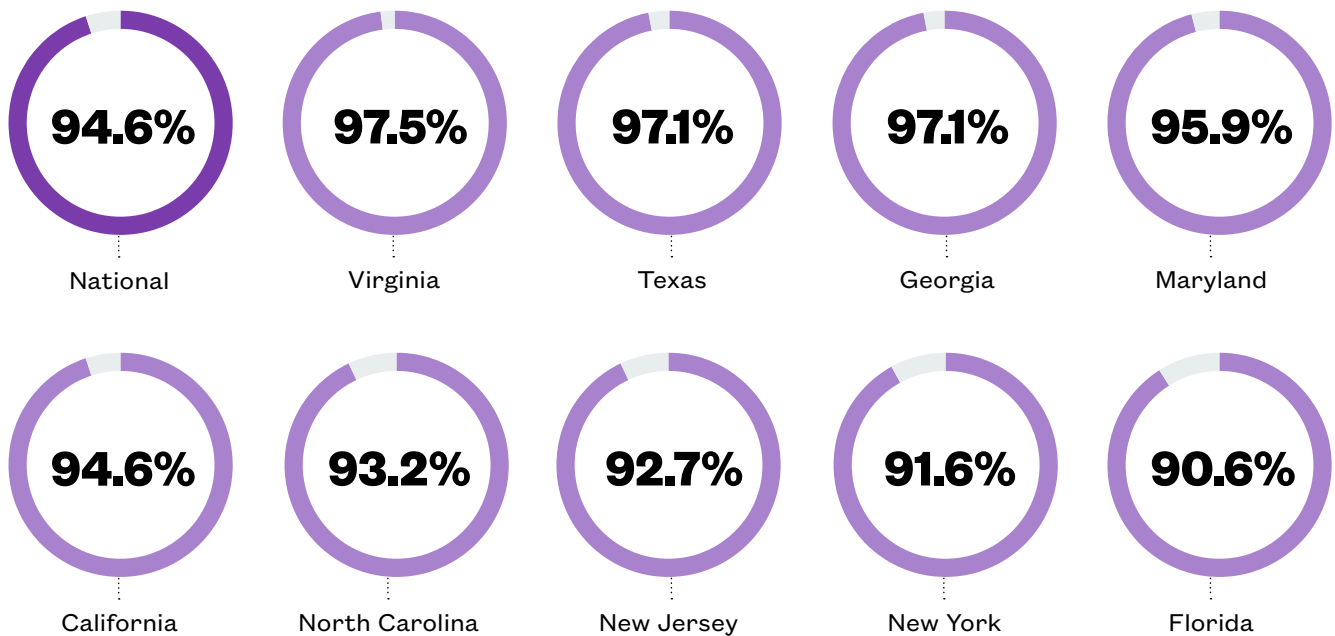
The more than 354,000 people in the country with TPS in 2021 included nationals from places as diverse as El Salvador, Nepal, and Somalia. (More details on the population we study can be found in the Methodology Appendix.)

Should their designation lapse, the deportation of TPS holders would represent a blow not only to immigrants and their family members, friends, employees, and coworkers in the United States, but also to the U.S. economy more broadly. In 2021 alone, TPS holders contributed more than \$2.2 billion in taxes, including almost \$1 billion to state and local governments. They also held \$8 billion in spending power, which supports countless U.S. businesses when spent on items like groceries, haircuts, or rent.

Employment and Earnings

The TPS population has a strong record as workers, earners, and taxpayers. Because the program was created in 1990, many TPS holders—most notably individuals from El Salvador and Honduras—have lived in the United States for more than two decades, giving them time to build careers and businesses.⁵ In 2021, TPS households in the country earned nearly \$10.3 billion in total income. The employment rate of TPS holders was also particularly high, topping 94.6 percent.

FIGURE 1: EMPLOYMENT RATES OF TPS HOLDERS, 2021



Source: American Immigration Council analysis of the 1-year American Community Survey from 2021

Tax Contributions

In addition to supporting their families with their income, TPS holders have also paid billions of dollars in taxes over the years. In 2021 alone, households led by TPS holders paid nearly \$1.3 billion in federal taxes, contributions that helped sustain troubled entitlement programs like Social Security and Medicare.

TPS holders also made important tax contributions to their states and localities. For state and local governments, such contributions help sustain public services that are vital to local communities, such as public education, police protection, and garbage collection. In 2021, TPS households paid \$966.5 million in state and local taxes.

These tax contributions feel more significant when we consider the fact that TPS holders are relatively light users of several key public services and assistance programs. Although their U.S.-born children may have access to these programs, TPS holders themselves are ineligible for almost all federal public assistance programs, including the Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF), and Social Security Supplemental Income.⁶ They are similarly barred from regular coverage under Medicaid, with the program only available to them on an emergency basis.⁷ And they are ineligible for federal financial aid to attend school. Lastly, because they can lose their TPS protections if they commit felonies or multiple misdemeanors, they are unlikely to incur significant law-and-order costs to the state.⁸

FIGURE 2: INCOME AND TAX CONTRIBUTIONS OF TPS HOLDERS, 2021

In 2021, TPS holders earned:

\$10.3B

After taxes, this left them with **\$8.0B** in spending power.

\$1.3B

in federal taxes were paid by TPS holders.

FEDERAL

\$966.5M

in state and local taxes were paid by TPS holders.

STATE AND LOCAL

Source: American Immigration Council analysis of the 1-year American Community Survey from 2021

Purchasing Power

Another important measure of how a given group contributes to the economy is the amount of money they spend each year as consumers. Almost four out of every five U.S. jobs were in the service sector in 2021, according to the U.S. Bureau of Labor Statistics. These jobs employed more than 126 million Americans that year and include positions in retail, professional and business services, government, healthcare, hospitality, and more.⁹ The crucial role of the service sector in our economy means that it is critically important for businesses to have access to a strong base of paying customers. Without an adequate number of clients, restaurant diners, and shoppers, it is impossible for the service industry to grow and thrive.

To understand the economic clout that immigrants with TPS hold as consumers, we look at their “spending power.” This measure refers to the discretionary income households have after paying federal, state, and local taxes.¹⁰ In 2021, TPS households held more than \$8 billion in spending power.

Self-Employment and Entrepreneurship

Many TPS holders have laid down roots in the United States, and those roots have proven valuable to the U.S. economy. They have founded businesses at high rates, often creating jobs for U.S. workers and revitalizing communities in the process. We find that TPS holders had higher rates of entrepreneurship than similarly aged U.S.-born workers. Notably, more than one out of every seven employed TPS holders, or 14.5 percent, reported being self-employed in 2021, compared with 9.3 percent of the U.S.-born.

FIGURE 3: ENTREPRENEURSHIP RATES OF EMPLOYED TPS WORKERS VS U.S.-BORN, 2021



Source: American Immigration Council analysis of the 1-year American Community Survey from 2021

In 2021, the TPS population included more than 38,100 entrepreneurs, or self-employed workers, who generated \$1.5 billion in business income. This has tremendous impact on the states many TPS holders call home. For example, our analysis found that 8,200 self-employed TPS holders in Florida and 7,800 self-employed TPS holders in California generated \$608.5 million and \$224.8 million in business income, respectively, in 2021 alone.

The high entrepreneurship rate among TPS holders matches what many mayors and economic development officials say they have seen on the ground.

In the small town of Mount Olive, North Carolina, for instance, the 1,500 Haitian immigrants who have arrived since 2010—most on TPS—have been credited with buying up vacant homes and starting shops and restaurants that have injected new life into the downtown area.¹¹ El Salvadoran TPS holders, meanwhile, have helped revive several declining towns and suburbs around the Washington, DC area.¹²

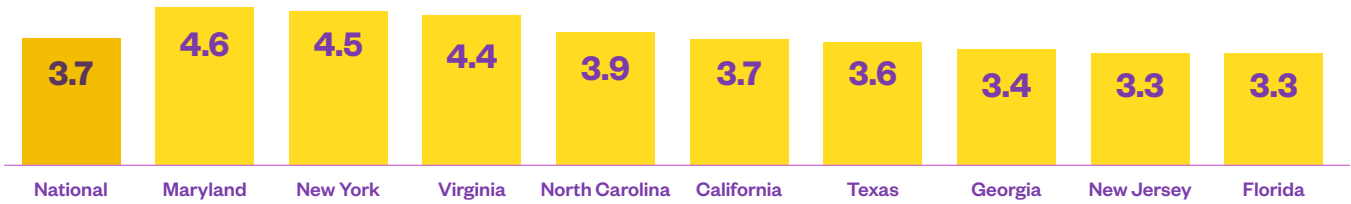
Housing

Research by New American Economy (now a part of the American Immigration Council) found that an increase in the number of immigrants in a county corresponds with economic gains on several fronts: the demand for locally produced goods and services rises; the region becomes more attractive to U.S.-born residents; and median home values go up.¹³ On average, for every 1,000 immigrants who settle in a county, 250 U.S.-born individuals follow, drawn by increased economic opportunity.¹⁴

The effect is most pronounced in declining or neglected regions where immigrants move into affordable housing and revitalize neighborhoods. An influx of immigrants has a stabilizing effect on the overall housing market as more neighborhoods became viable alternatives for other middle- and working-class people. At the same time, median home values rise.¹⁵

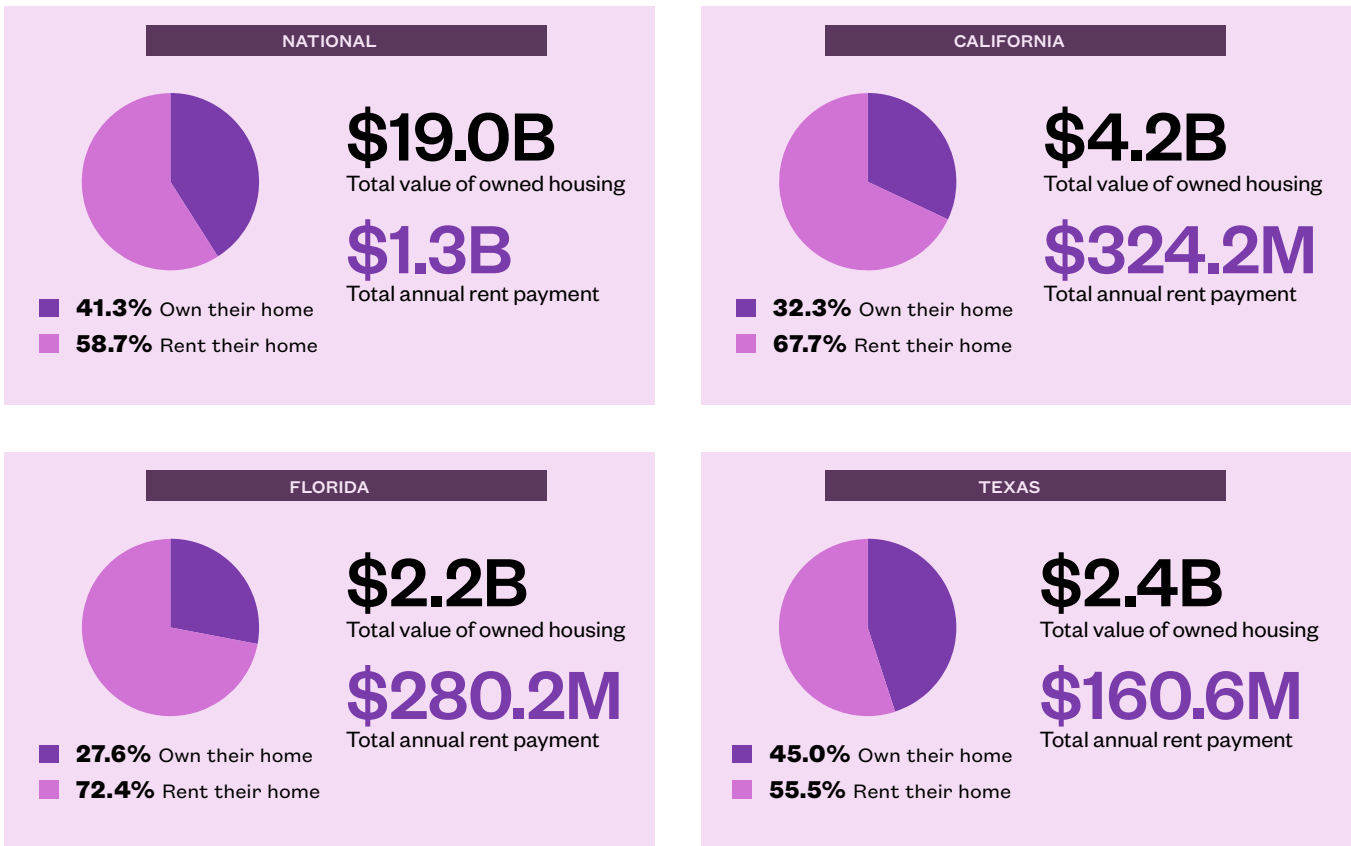
TPS immigrants are part of this economic phenomenon. Our data show there were 152,600 TPS households in the United States in 2021, with an average of 3.7 people per home. More than 41 percent of those, or 63,000 households, had purchased their home. In total, they had contributed a housing value of \$19 billion, thus adding to their region’s housing wealth and property tax revenues. Additionally, about 89,600 households rented their homes, paying \$1.3 billion in annual rent.¹⁶

FIGURE 4: AVERAGE HOUSEHOLD SIZE OF TPS HOLDERS, 2021



Source: American Immigration Council analysis of the 1-year American Community Survey from 2021

FIGURE 5: HOUSING TENURE OF TPS HOLDERS, 2021



Source: American Immigration Council analysis of the 1-year American Community Survey from 2021

Impact in Key States

While the contributions of the TPS holders have been powerful at a national level, they have been particularly important in several key states. In 2021, almost three out of every five TPS individuals were concentrated in just four states: Florida, California, Texas, and New York. In each of those states, the TPS population earned more than \$1 billion in 2021 and paid more than \$110 million in combined state and local taxes, led by \$170.5 million in state and local taxes in California and \$140.9 million in Texas. In each of the top three states—Florida, California, and Texas—the TPS population held more than \$1.1 billion in spending power.

But while those states are often associated with large immigrant populations, several less well-known destinations also had TPS populations with substantial economic clout. Virginia and Maryland had 21,300 and 18,500 TPS residents, respectively, likely due to the large number of Salvadorans who have settled in the Washington, D.C., metro area in the last three decades.¹⁷ In Georgia, 13,000-plus TPS residents, many hailing from El Salvador, earned \$394.7 million in 2021, giving them \$310.1 million in spending power after taxes. (See Figure 6 for all available state-level TPS data.)

FIGURE 6: INCOME, TAX CONTRIBUTIONS, AND SPENDING POWER OF TPS HOLDERS BY STATE, 2021

State	TPS Holders	Total Income	Federal Taxes	State and Local Taxes	Spending Power
FL	65,200	\$1.6B	\$198.0M	\$113.7M	\$1.2B
CA	60,100	\$1.9B	\$235.1M	\$170.5M	\$1.5B
TX	55,400	\$1.5B	\$147.5M	\$140.9M	\$1.2B
NY	29,600	\$1.0B	\$142.3M	\$126.0M	\$743.9M
VA	21,300	\$660.9M	\$83.9M	\$60.9M	\$516.1M
MD	18,500	\$697.0M	\$100.5M	\$73.4M	\$523.2M
NJ	14,100	\$346.7M	\$39.3M	\$33.1M	\$274.3M
NC	13,200	\$317.7M	\$29.2M	\$28.8M	\$259.8M
GA	13,200	\$394.7M	\$47.6M	\$37.0M	\$310.1M
MA	7,700	\$286.5M	\$48.0M	\$25.4M	\$213.1M
TN	6,100	\$172.8M	\$19.2M	\$13.2M	\$140.4M
IL	3,200	\$127.8M	\$20.3M	\$13.8M	\$93.7M

Conclusion

Given the sizeable contributions that TPS holders are making to the U.S. economy, it is clear that any effort to terminate TPS designations would come with significant economic costs. Although modeling the long-term impact of such a decision is beyond the scope of this report, the data suggests that such a move would be painful, particularly to communities where these immigrants are heavily concentrated. An analysis by the Immigrant Legal Resource Center found that terminating TPS designation for El Salvador, Honduras, and Haiti would lead to a \$45.2 billion loss in U.S. gross domestic product and reduce Social Security and Medicare contributions by \$6.9 billion over a decade.¹⁸

Given all that TPS holders are already contributing to our economy as taxpayers, founders of businesses, and consumers, our country stands to benefit from solutions that allow them to stay and reach their full potential.

Methodology Appendix

Identifying Temporary Protected Status Holders

To conduct the analysis, we use data from the 1-year American Community Survey (ACS) from 2021, the latest year for which the data of potential TPS holders' socioeconomic characteristics is available.

To identify potential TPS holders, we follow the eligibility requirements from the United States Citizenship and Immigration Services (USCIS). As of 2021, there were 12 designated countries for TPS: Burma (Myanmar), El Salvador, Haiti, Honduras, Nepal, Nicaragua, Somalia, South Sudan, Sudan, Syria, Venezuela, and Yemen.¹⁹ After identifying the countries of origin for these individuals in the survey, we then use the year of entry to determine whether they meet the requirement for continuous residence regulated by USCIS.

Using data from the ACS, we apply the methodological approach outlined by Harvard University economist George Borjas to arrive at an estimate of the undocumented immigrant population in the overall United States and individual states.²⁰ The foreign-born population is adjusted for misreporting in two ways: Foreign-born individuals who reported naturalization are reclassified as non-naturalized if the individual had resided in the United States for less than six years (as of 2017); or if they had been married to a U.S. citizen, for less than three years. We use the following criteria to code foreign-born individuals as legal U.S. residents:

- Arrived in the U.S. before 1980
- Citizens and children under 18 years old reporting at least one U.S.-born parent
- Recipients of Social Security benefits, Supplemental Security Income, Medicaid, Medicare, military insurance, or public assistance
- Households with at least one citizen who received SNAP benefits
- People in the Armed Forces and veterans
- Refugees
- Working in occupations requiring a license

- Working in occupations that immigrants are likely to be on H-1B or other visas, including computer scientists, professors, engineers, and life scientists
- Government employees and people working in the public administration sector
- Any of the above conditions applies to the householder's spouse

The remainder of the foreign-born population that do not meet these criteria are reclassified as undocumented. Estimates regarding the economic contribution of undocumented immigrants and the role they play in various industries are made using the same methods used to capture this information for the broader immigrant population.

We use methodology similar to that used by the Center for Migration Studies for a paper in the *Journal on Migration and Human Security* (pls add endnote 21 here) to determine whether an individual is undocumented, and combine it with the eligibility described above to determine whether an individual is a potential TPS holder.

To estimate the total TPS-holding population, we apply weighting adjustments to estimates from the ACS. First, we use the data from the 2022 Congressional Research Service (CRS) report to capture to the largest extent individuals with approved TPS status in 2021 and match it to potential TPS holders identified in the 2021 ACS sample.²² We calculate the ratio of TPS holders by country of origin from the CRS to total potential TPS holders from the ACS for each of the 12 designated TPS countries in 2021. We then apply these ratios as weights to adjust for our final TPS population estimates.

Like the Council's other work on the economic contributions of immigrants overall, we estimate state and local taxes using the tax incidence estimates produced by the Institute on Taxation and Economic Policy (ITEP).²³ For federal tax rate estimates, we use data released by the Congressional Budget Office (CBO) and calculate the federal tax contributions based on the CBO estimates for household federal tax incidence rates by income quintile.²⁴

ENDNOTES

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