

LEFT OUT

**Adding Up the Cost of Excluding
Undocumented Utahns from State
and Federal COVID-19 Relief**



July 2020

LEFT OUT: Adding Up the Cost of Excluding Undocumented Utahns from State and Federal COVID-19 Relief

July 2020

Acknowledgements

This report was authored by Mario Ramirez-Arrazola, an undergraduate student in the University of Utah Department of Economics, under the supervision of Matthew Weinstein, State Priorities Partnership Director at Voices for Utah Children.

Voices for Utah Children
747 E. South Temple
Suite 100
Salt Lake City, UT 84102
(801) 364-1182
www.utahchildren.org



Introduction

The Coronavirus pandemic represents an unprecedented challenge for our state and nation, and one whose impact is not borne equally by all Utahns.

The disparate impact of the pandemic has been well documented, such as the fact that 42% of all COVID-19 cases in Utah are experienced by members of Utah's Latinx minority, who make up just 14% of the entire population.¹

But these disparities are not limited to the health effects of the pandemic. One of the most egregious economic disparities of the Coronavirus pandemic is the exclusion of undocumented Utahns from the major state and federal relief efforts. Undocumented Utahns go to work – often in essential jobs – and pay taxes like everyone else, but they (and their US-citizen family members) do not qualify for the \$1200 tax rebates (\$500 for children) provided by the federal CARES Act. In addition, they do not qualify for either regular state unemployment benefits or the enhanced federal benefit (the extra \$600/week) provided by the CARES Act through July 31, 2020.

This report examines the details of how much these Utahns – and our state economy as a whole – are losing as a result of this exclusion.

How many Utahns are undocumented immigrants?

Recent estimates of Utah's undocumented immigrant population range from a high 110,000² to a low of 79,000.³ The low figure of 79,000 from 2018 would mean that undocumented immigrants living in Utah make up 29% of Utah's foreign-born population of 271,222.³ Of the 79,000, 28,000 live with at least one US citizen child, and 16,000 live with a spouse who is either a US citizen or a legal permanent resident.³ Based on these data, we estimate that Utah's 79,000 undocumented residents live in about 39,000 separate households.

¹ <https://www.sltrib.com/news/2020/07/08/utah-sets-new-one-day/>

² ITEP report based on 2015 data: <https://itep.org/analysis-how-the-heroes-act-would-reach-itin-filers/>

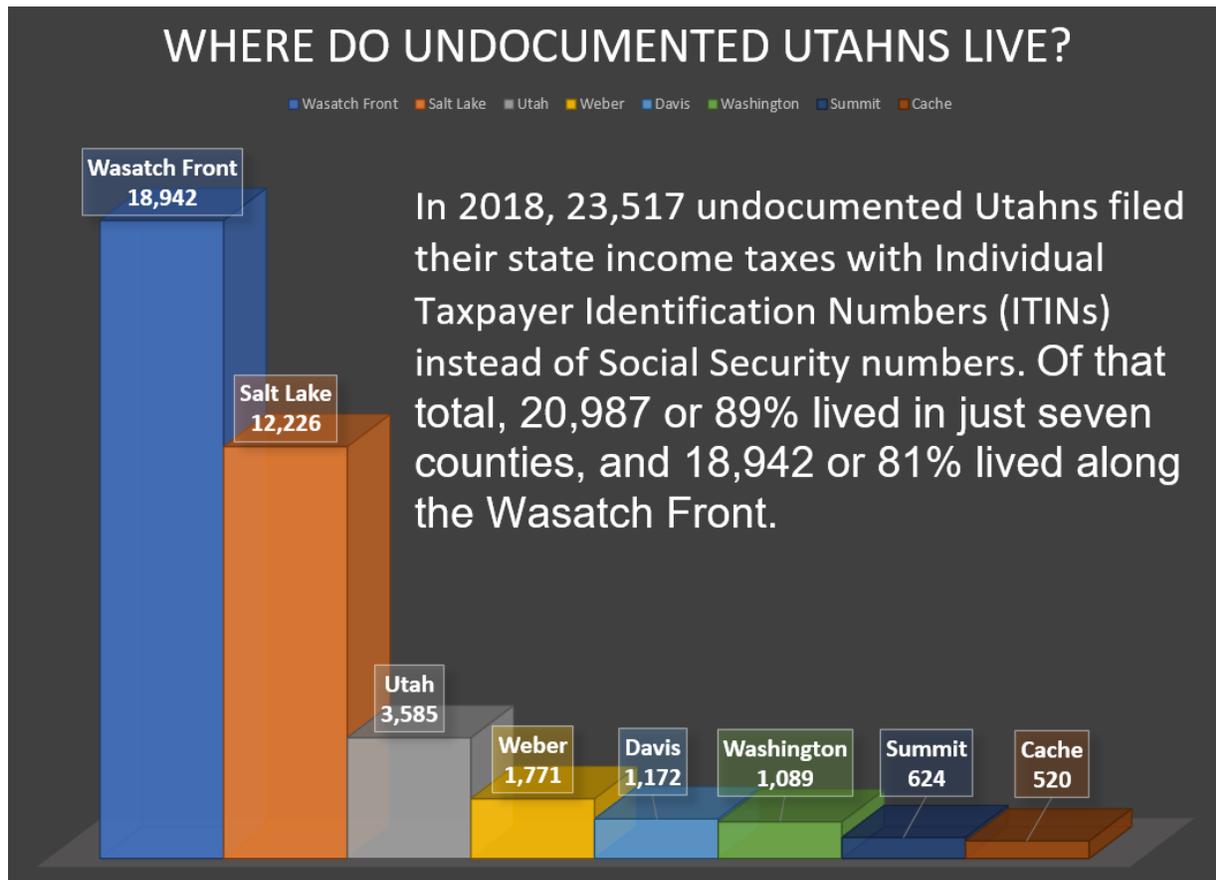
³ Migration Policy Institute 2018 report: Profile of the Unauthorized Population: Utah. <https://www.migrationpolicy.org/data/unauthorized-immigrant-population/state/UT>

Where do undocumented Utahns live?

According to data from the Utah State Tax Commission based on ITIN filings (undocumented Utahns file their annual state and federal income taxes with an Individual Taxpayer Identification Number or ITIN rather than with a Social Security number), 89% of all undocumented Utahns live in just seven counties:

COUNTY	89% of Utah's undocumented tax filers live in just 7 counties:
SALT LAKE	52.0%
UTAH	15.2%
WEBER	7.5%
DAVIS	5.0%
WASHINGTON	4.6%
SUMMIT	2.7%
CACHE	2.2%

The data also show that 81% of undocumented Utahns live in the counties that make up the Wasatch Front (Salt Lake, Utah, Weber, Davis, Toelle, Box Elder, and Morgan).



What are undocumented Utahns' educational and workforce characteristics?

Per the Migration Policy Institute, the number of unauthorized Utahns in the workforce is 55,000, out of a total working-age (age 16+) Utah undocumented population of 73,000.⁴

The unauthorized workforce is concentrated mainly within blue-collar jobs: Over two-thirds work in the areas of accommodation and food services, construction, manufacturing, and retail trade.⁵ These include both the industries that have been particularly hard hit by the coronavirus recession and industries that are less likely to allow working from home.

Top Industries of Employment		
Civilian employed population ages 16 and older	52,000	100%
Accommodation and food services, arts, entertainment, and recreation	11,000	22%
Construction	10,000	19%
Manufacturing	10,000	18%
Professional, scientific, management, administrative, and waste management services	9,000	17%
Retail trade	5,000	10%

Educational attainment data visualized in the diagram below illustrate that, as The Hamilton Project noted, “Immigrants are both more likely to lack a high school degree and more likely to have a PhD” compared to native-born Americans.⁵

⁴ Profile of the Unauthorized Population: Utah (2018)

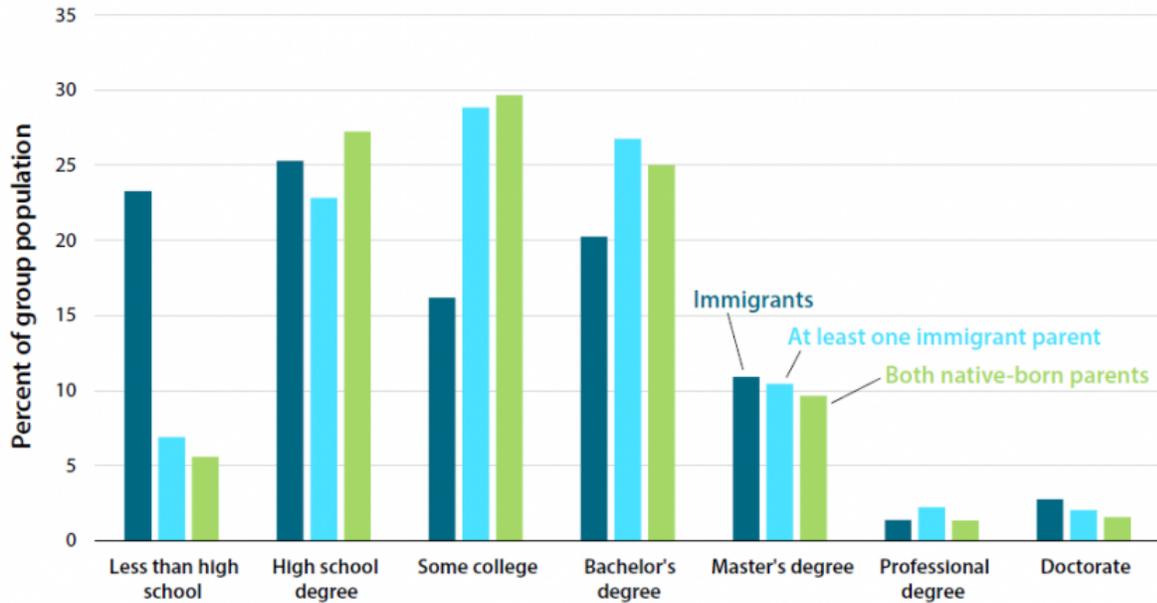
<https://www.migrationpolicy.org/data/unauthorized-immigrant-population/state/UT>

⁵ The Hamilton Project, October 9, 2018.

https://www.hamiltonproject.org/charts/immigrants_are_both_more_likely_to_lack_a_high_school_degree_and_more_likely

FIGURE 5.

Educational Attainment of Immigrants, Children of Immigrants, and Children of Natives



Source: Current Population Survey (CPS; Bureau of Labor Statistics [BLS] 2017); authors' calculations.

Note: Sample is restricted to individuals between the ages of 25 and 54. Each bar shows the share of a group (e.g., immigrants) with a particular level of education. "Immigrants" refers to prime-age people living in the United States who were not U.S. citizens at birth. "At least one immigrant parent" refers to prime-age native-born children of at least one immigrant parent. "Both native-born parents" refers to prime-age children of two native-born parents. U.S. citizens born abroad and residents of U.S. territories are considered native-born.



How much do undocumented Utahns pay in taxes?

Undocumented Utahns pay taxes just like everyone else. For example, federal payroll taxes are deducted from their wages automatically at a rate of 15.3% (nominally divided evenly between employer and employee, though economists understand the tax incidence to be borne almost entirely by the employee⁶) to pay for the federal Social Security and Medicare programs for which they themselves are not eligible. They are also subject to income, property, sales, and gas taxes, which in Utah add up to 7.5 – 8.8% of income, depending on one's income level (see ITEP chart below).⁷

⁶ Tax Foundation: <https://taxfoundation.org/what-are-payroll-taxes-and-who-pays-them/>

⁷ Institute on Taxation and Economic Policy. Utah: Who Pays? 6th Edition, 2018. <https://itep.org/whopays/utah/>

Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Next 15%	Next 4%	Top 1%
Income Range	Less than \$22,900	\$22,900 to \$39,600	\$39,600 to \$63,900	\$63,900 to \$104,300	\$104,300 to \$202,400	\$202,400 to \$486,500	over \$486,500
Average Income	\$14,100	\$32,500	\$50,600	\$80,800	\$139,400	\$288,400	\$1,300,500
Sales & Excise Taxes	5.1%	4.5%	3.6%	3.0%	2.2%	1.4%	0.7%
General Sales – Individuals	2.6%	2.5%	2.0%	1.7%	1.3%	0.9%	0.4%
Other Sales & Excise – Ind.	1.0%	0.8%	0.5%	0.4%	0.3%	0.1%	0.0%
Sales & Excise on Business	1.5%	1.3%	1.1%	0.9%	0.6%	0.4%	0.2%
Property Taxes	2.1%	1.4%	1.7%	2.0%	1.6%	1.7%	1.5%
Home, Rent, Car – Ind.	2.1%	1.4%	1.7%	1.9%	1.5%	1.3%	0.4%
Other Property Taxes	0.0%	0.0%	0.1%	0.1%	0.1%	0.4%	1.1%
Income Taxes	0.3%	2.0%	2.9%	3.8%	4.1%	4.2%	4.5%
Personal Income Tax	0.3%	2.0%	2.8%	3.8%	4.0%	4.2%	4.4%
Corporate Income Tax	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%
TOTAL TAXES	7.5%	7.9%	8.2%	8.8%	7.9%	7.3%	6.7%

According to the ITEP study, undocumented Utahns paid \$69,770,000 in state and local taxes in 2017.⁸ This amounts to an average of \$1,789 per household.

In addition, undocumented workers are subject to unemployment insurance (UI) premiums paid by their employers but whose incidence, as with payroll taxes, is believed by economists to be borne mostly by the worker. According to one recent study, the average annual unemployment insurance premium that Utah unauthorized workers pay is \$232 to the state and \$42 to the federal government, adding up to a total contribution for 2010-2019 of \$10,920,000 to the federal UI fund and \$60,346,000 to the state fund. Thus, **undocumented Utahns contributed more than \$71 million**

⁸ Institute on Taxation and Economic Policy. March 1, 2017; Undocumented Immigrants' State & Local Tax Contributions. <https://itep.org/undocumented-immigrants-state-local-tax-contributions-2017/>

over the last decade for a benefit that they themselves are not allowed to receive, even now, when unemployment rates have reached levels not seen since the 1930s.⁹

How much emergency assistance are undocumented Utahns excluded from?

Despite all of their tens of millions of dollars annually in tax and unemployment insurance contributions, undocumented immigrants have been excluded, in the midst of a public health and economic emergency, from both regular unemployment compensation and from the emergency enhanced unemployment compensation (\$600/week) legislated by the federal CARES Act, as well as from the CARES Act's tax rebates (\$1,200 to adults and \$500 per child).

The sum total of these exclusions adds up to **\$154.4 million**:

- **\$84 million** in CARES Act tax rebates to adults (70,000 adults @ \$1,200 each)
- **\$4.5 million** in CARES Act tax rebates for children (9,000 children @ \$500 each)
- **\$21 million** in regular Utah unemployment compensation (calculated based on 55,000 undocumented workers at an average unemployment rate of 8% (which was Utah's average unemployment rate for April-June) receiving \$239 weekly (Utah's average benefit¹⁰) for the 20 weeks from mid-March through the end of July)
- **\$44.9 million** in CARES Act enhanced unemployment compensation (55,000 undocumented workers at an average Utah unemployment rate of 8% for 17 weeks (March 29 – July 25) @ \$600 weekly)

It is important to recognize that excluding tens of thousands of Utahns from this assistance is not only cruel in the current circumstances, it is also bad for Utah's economy. That \$154.4 million would end up being spent in Utah's consumer economy, with ripple effects that would reduce unemployment and speed recovery from the economic downturn caused by the pandemic.

⁹ Fiscal Policy Institute. Unemployment Insurance Taxes Paid for Undocumented Workers in NYS. May 14, 2020. <http://fiscalpolicy.org/wp-content/uploads/2020/05/UI-taxes-and-undocumented-workers.pdf>

¹⁰ National Employment Law Project 2015 <https://www.nelp.org/wp-content/uploads/2015/03/UI-Benefits-Workers-Employers-and-the-Struggling-Economy.pdf>

Utah Undocumented Taxpayers Denied Over \$154 Million in State and Federal COVID-19 Emergency Assistance

**\$84 Million in
stimulus
payments
(@\$1,200)**

**\$4.5 Million in stimulus
payments for kids
(@\$500)**

**\$21 Million in
Utah Unemployment
Benefits**

**\$44.9 Million in enhanced
unemployment benefits
(@\$600)**

Source: Migration Policy Institute

Solutions: Models from other states

The state of Utah and local governments should step into this gap and allocate relief funds for Utahns who don't qualify for the federal government's emergency relief measures.

Here are examples of states and localities that have already taken action:

California: In response to the COVID-19 outbreak, California is providing \$75 million in one-time state-funded disaster relief assistance to undocumented adults who are ineligible for other forms of assistance, including assistance under the Coronavirus Aid, Relief, and Economic Security (CARES) Act and pandemic unemployment benefits, because of their immigration status. This state funding is expected to reach about 150,000 undocumented adults. The California Department of Social Services has selected 12 immigrant-serving nonprofit organizations to help individuals apply for and receive this disaster relief assistance in their region. An undocumented adult who qualifies can receive \$500 in direct assistance, with a maximum of \$1000 in assistance per household.¹¹ California is estimated to have over 2 million undocumented immigrants, 6% of the state's overall population and 10% of its workforce. Last year, California's undocumented immigrants paid \$2.5 billion in local and state taxes.¹²

Connecticut: \$2.5 million rental assistance program for those who are ineligible for emergency assistance through the federal CARES Act, including undocumented residents. (Connecticut also extending its residential eviction moratorium to August 25.)¹³

Colorado: "The CARES Act Emergency Aid has been a critical source of funding for many students at CSU, with more than \$3.2 million going to more than 2,600 students to date. Unfortunately, some of our students do not qualify for CARES Act aid," the school spokesperson said... "As part of that overall support, the university has provided varying levels of aid outside of CARES funds to about 400 such students, including 218 undocumented Coloradans who qualify for in-state tuition via the ASSET bill," which allows eligible undocumented students to qualify for in-state tuition. As part of the effort,

¹¹ <https://www.cdss.ca.gov/inforesources/immigration/covid-19-drai>

¹² <https://www.theguardian.com/world/2020/apr/15/california-undocumented-immigrants-disaster-relief-fund-coronavirus>

¹³ <https://www.nbcconnecticut.com/news/coronavirus/state-announces-financial-aid-for-renters-homeowners-affected-by-covid-19/2295100/>

the CSU spokesperson said, each of the 218 undocumented students granted support were given \$1,500 each.¹⁴

Oregon: Oregon Worker Relief Fund provides direct cash assistance to undocumented migrant workers — including farmworkers — who were otherwise left out of the federal coronavirus relief package and are not eligible for unemployment benefits, food stamps and other public programs due to their immigration status. State lawmakers allocated \$10 million to start the fund on April 23. Since May 10, the Worker Relief Fund has issued average payments of \$1,712 to immigrant workers. Of those, more than half work in the food service and agriculture industries. Data shows 81% of immigrant families served by the fund during the first two months supported minor children, and 63% had at least two minor children.¹⁵

Washington: Disaster Cash Assistance Program: DCAP is available to all Washington families and people without children who meet income and resource rules and who are not eligible other cash programs. Citizenship status is not an eligibility criteria for DCAP. The payments range from \$363 for a single person to a maximum of \$1,121 for a household of eight or more people, and can be made once in a 12-month period. Officials estimate that more than 175,000 households may be eligible¹⁶

In addition, private foundations have also stepped up to support undocumented Americans through the current emergency.¹⁷

In all cases, it is important that assistance to undocumented residents not count against them for purposes of the federal public charge rule, which discourages immigrants from seeking out the help they and their children need.¹⁸

¹⁴ <https://www.newsweek.com/colorado-state-university-gives-undocumented-students-shut-out-government-stimulus-funds-1500-each-1503404>

¹⁵ https://www.bendbulletin.com/business/relief-fund-distributes-10m-to-oregon-immigrant-families-amid-crisis/article_9680861e-c388-5160-b783-2b131fcfe991.html

¹⁶ <https://komonews.com/news/coronavirus/dshs-offers-emergency-cash-to-residents-not-eligible-for-other-programs>

¹⁷ <https://www.gcir.org/coronavirus/immigrant-response-funds>

¹⁸ Federal Register. Department of Homeland Security. CFR 212.21(b). 2020. <https://www.federalregister.gov/documents/2019/08/14/2019-17142/inadmissibility-on-public-charge-grounds>