

March 18th, 2026

Joint Economic Committee

Congress of the United States

Written Testimony by Daniel Di Martino

Chairman Schweikert, Ranking Member Hassan, and members of the Joint Economic Committee:

It is a great honor to testify before the Joint Economic Committee on what I believe is one of America's most important sources of future economic prosperity: high-skilled immigration. Nations prosper because of the confluence of two factors: institutions that protect liberty and innovation, and people willing and able to innovate and trade. America became the richest country in the history of the world because those two factors coincided in one place and time. The Founders designed a system of government that limited intrusion into personal affairs and allowed the American people to unleash unparalleled prosperity for themselves and their posterity. However, the American colonies, and later the United States, also benefited from attracting risk-takers, inventors, and entrepreneurs from around the world. A sound immigration policy that attracts talented people to America is therefore one of the most important tools available to boost Americans' prosperity. Today, I want to argue that shifting legal immigration policy toward admitting younger, more highly educated immigrants, without changing the number of admissions, can help achieve three goals that members of both parties share: reduce the national debt, increase economic prosperity, and delay population decline.

While many governments seek to boost economic growth through sheer numbers, America has the opportunity, and historically has chosen, to boost growth through productive immigration. Countries such as Germany after the Syrian refugee crisis, and Spain and Canada more recently, increased GDP by welcoming large numbers of low-skilled immigrants. The consequence was a larger economy, but not necessarily greater prosperity per person, and in some cases lower wages or higher fiscal costs for parts of the native-born population. This is because immigrants are not just workers; they are also people. People do not just work; they also consume. They do not just pay taxes; some also receive public benefits. They do not just create businesses; some also impose social costs. Because of this, the free movement of people is not identical to the free movement of goods and services. Welcoming a thousand law-abiding, highly paid, English-speaking immigrants into a town is very different from welcoming a thousand impoverished, non-English-speaking immigrants with significantly greater integration needs.

Immigration grows the population, and larger populations can be beneficial. For example, they increase the size of the United States relative to China, our greatest geopolitical threat. Population growth also allows for greater density, which powers agglomeration effects and economies of scale. These effects help explain why a large share of Americans, and people around the world, choose to move to cities, where day-to-day contact with others generates new ideas and allows new kinds of businesses to thrive. While a niche store may not have a large enough customer base to exist in a small town, it can survive in a large city. More kinds of housing, goods, and jobs exist in cities because of the density that population growth creates. Economists often describe these as variety effects.

However, when more people live close to one another, there are also negative side effects, which economists call congestion, chief among them traffic; and rapid growth can strain limited resources in the short run, including schools, hospitals, law enforcement, utilities, and other public goods.

The main criticism of immigration often concerns its labor-market impact. That criticism rests on the assumption that more people means current workers are displaced from their jobs and therefore harmed. But that is not how immigration affects the labor market as a whole. The total number of jobs is not predetermined; it depends on the size of the workforce. In other words, if there are more workers, there will also be more jobs. That is why America today not only has more jobs than it did 250 years ago at independence, or at any other point in its history, but also one of the highest employment rates among adults in history. If that were not the case, population decline would be a good thing. Instead, population decline, and the aging that comes with it, impoverishes societies and drains their dynamism. Aging and population decline result in an ever-greater share of the workforce caring for the elderly instead of starting new businesses and creating products for us all to enjoy, and immigration policy is an important tool to delay, though not solve, population decline.

The way immigration does affect the labor market is through relative wages. More low-skilled immigration will not reduce employment, but it will reduce the wages of low-skilled native workers relative to high-skilled workers. For example, the United States suddenly admitted 6 million additional low-skilled illegal immigrants between 2021 and 2025¹, who went on to work mainly in construction, food delivery, and other non-college occupations, and this negatively affected the wages of workers in those sectors. That was, however, beneficial to everyone else in society who does not work in those sectors but benefits from

¹ Net migration in the “other foreign national” category Net migration in the “other foreign national” category “830,000 people in 2021, 2.0 million people in 2022, 2.4 million people in 2023, and 1.8 million people in 2024.” Congressional Budget Office. September, 2025. An Update to the Demographic Outlook, 2025-2055 <https://www.cbo.gov/publication/61735>

cheaper construction and food delivery. This is one of the main ways in which low-skilled immigration can increase income inequality.

High-skilled immigrants also affect the labor market, but somewhat differently. More high-skilled immigration will, in the short run, reduce the relative wages of high-skilled occupations and increase the real wages of low-skilled workers. For example, when physicians, engineers, scientists, or programmers immigrate to the United States, they compete with Americans in those occupations, but they also lower the price of their medical and professional services for everyone else. They also demand goods and services produced by workers with whom they do not compete. However, high-skilled immigrants also tend to innovate and start businesses, increasing productivity and offsetting the negative wage effect on high-skilled workers. This partially explains why the educational wage premium, the wage difference between college-educated and non-college-educated workers, has continued to increase despite a more highly skilled immigrant flow into the United States².

Immigrants also affect Americans through another important consumer good: housing. All immigrants demand housing, and because housing markets around America are overregulated, supply cannot increase as fast as demand, resulting in higher housing prices when population grows. The result is that the majority of Americans, mostly older and higher-income homeowners, benefit from immigration-induced housing inflation, while younger and lower-income workers who rent are harmed.

Finally, immigrants pay taxes, but they also collect government benefits. The difference between how much someone pays in taxes and how much they receive in government benefits, or the public spending they cause, is what we call their fiscal impact. The fiscal impact of immigrants is my primary research field and the focus of both my doctoral dissertation and my work at the Manhattan Institute. In this respect, high-skilled immigration is also superior to low-skilled immigration and is an important tool that you in Congress have to reduce the national debt. In fact, my proposed immigration plan would help stabilize the debt as a share of GDP in the long run without raising taxes or lowering spending at all.

My research finds that although the average new immigrant to the United States will decrease the national debt, that fact hides great heterogeneity. I find that immigrants without a college education are projected to increase the national debt over the long run, while the debt-reduction effects are driven by immigrants with at least a bachelor's degree who are under 60 years old. An average 30-year-old new immigrant with a graduate degree,

² Camner, Lisa. September, 2025. What Happened to the College Wage Premium?
<https://www.minneapolisfed.org/article/2025/what-happened-to-the-college-wage-premium>

such as a master’s or PhD, will reduce the national debt by more than \$2.5 million over 30 years, while an average 30-year-old immigrant without a high school diploma will increase the national debt by nearly \$200,000. The older immigrants are after age 30, the less fiscally beneficial they are. For example, immigrants who are 60 years old, regardless of education, will increase the national debt by more than \$1 million on average over three decades. See Table 16 of my latest fiscal impact report attached below for more detailed results ³

Table 16

30-Year Fiscal Impact of One Immigrant Annually, by Age and Education

		Education				
		<HS	HS	SC	BA	BA+
Age at arrival	10	\$ -329,955	\$ -217,930	\$ 5,748	\$ 568,376	\$ 1,018,024
	20	\$ -251,778	\$ -159,415	\$ 239,932	\$ 903,772	\$ 2,227,624
	30	\$ -175,614	\$ 35,836	\$ 355,403	\$ 1,251,473	\$ 2,528,118
	40	\$ -165,316	\$ -211,885	\$ 114,527	\$ 623,977	\$ 2,021,424
	50	\$ -926,081	\$ -801,925	\$ -629,054	\$ -351,739	\$ 943,143
	60	\$ -1,659,655	\$ -1,616,508	\$ -1,284,758	\$ -1,138,911	\$ -148,334
	70	\$ -1,547,025	\$ -1,337,661	\$ -1,321,054	\$ -1,248,724	\$ -1,193,989

America cannot afford to welcome people who will increase the national debt while keeping out people who would help reduce it. Today, that is exactly what current policy seems designed to do. While an uncapped number of parents of U.S. citizens receive green cards, to the tune of roughly 140,000 every year, only 130,000 employment-based high-skilled immigrants and their spouses and children⁴ are allowed to immigrate each year. Parents of U.S. citizens are, of course, valuable members of many American families, but they are also around 60 years old on average and typically do not have a college education; on average, each will cost taxpayers more than \$1 million over the next few decades. On the other hand, the average employment-based immigrant in the EB-2 category will save taxpayers more than \$2 million. The average immigrant on an H-1B visa will also save taxpayers more than \$2 million over 30 years, since many of them eventually end up in the EB-2 queue. And despite all the news about how illegal immigrants pay taxes, they also receive government benefits, especially in states that have made them eligible for

³ Di Martino, Daniel. October, 2025. Fiscal Impact of Immigration (2025 Update) <https://manhattan.institute/article/the-fiscal-impact-of-immigration-2025-update>

⁴ 2019 Yearbook of Immigration Statistics, EB1, 2, 3, and 5 categories considered for EB migration. <https://ohss.dhs.gov/topics/immigration/yearbook/2019/table7>

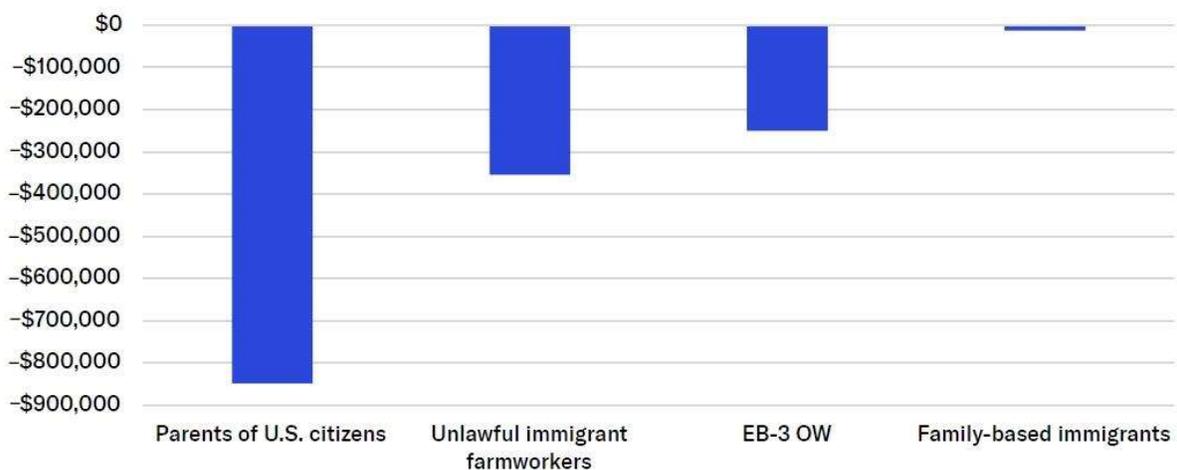
Medicaid. My research finds that the average new illegal immigrant will cost the federal government nearly \$100,000 over the next three decades.

The effects on the population also differ by category. Parents of U.S. citizens, due to their older age, won't have more children in America, and thus represent a one-off population increase that fades away quickly. Other immigrants, due to their younger age, end up having kids in America. See figures 25 and 26 from my fiscal impact of immigration report to visualize the differences in budgetary impact by immigrants of different legal categories.

Figure 25

Figure 26

30-Year Negative Fiscal Impact, by Legal Status Category



Source: Author's calculations

The executive branch has the opportunity to improve immigration policy marginally. First by collecting better data. While new permanent residents do submit information such as employment status, occupation, and age to the federal government in form I-485, they don't directly submit their educational attainment or past annual earnings, and collecting this information is key to designing better policy. The Trump administration should also design a better public-charge rule to exclude those who would impose large costs on taxpayers, thereby shifting green cards from low-skilled to high-skilled immigrants. To that

end, I also have a proposal⁵ on the Manhattan Institute website describing how such a policy could best be designed.

Congress also has the opportunity to reduce the national debt, increase birth rates, and increase productivity growth by reducing family-, diversity-, and illegal-immigration flows in favor of more employment-based, highly skilled immigration. My proposal, outlined in my report “The Fiscal Impact of Immigration,”⁶ published in October, would reduce the national debt from its unsustainable trajectory by \$20 trillion over 30 years, increase GDP by 4.6 percent above trend, and reduce the debt-to-GDP ratio by more than 27 percent relative to the Congressional Budget Office baseline, all without changing the size of the American population. This can be achieved, among other ways, by shifting the more than 300,000 annual green cards currently allocated to extended relatives of Americans and permanent residents and to the diversity lottery into a new merit-based immigration system, and by awarding existing employment-based green cards and H-1B visas by salary offer rather than by other arbitrary criteria. Under the newly published Manhattan Institute immigration policy calculator, you and your staff can choose from nearly 50 immigration policies and observe the effect they would have on the national debt, GDP, and population over 10- and 30-year windows.

America is a nation, not merely an economy. We are all aware that immigration is about more than economics. Culture matters, and of course, safety matters too. But here, as in economics, the most important question in immigration policy is which immigrants are welcomed. Every choice involves a tradeoff. As members of Congress, you have the opportunity to weigh those tradeoffs, and I encourage you to choose an immigration policy that welcomes more immigrants who will be net contributors and fewer who will be net burdens on the American taxpayer.

I am at your disposition should you have any questions about this issue.

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⁵ Di Martino, Daniel. November, 2025. A Points Based Public Charge Rule.

<https://manhattan.institute/article/a-points-based-public-charge-rule>

⁶ Di Martino, Daniel. October, 2025. Fiscal Impact of Immigration (2025 update)

<https://manhattan.institute/article/the-fiscal-impact-of-immigration-2025-update>