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The Fiscal and Economic Impact of Migration and Asylum Seekers on United States Public Finance: A Policy Comparative Analysis

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Abstract

This study examines the multifaceted impact of migrants and asylum seekers on United States public finance through comprehensive analysis of fiscal contributions, economic participation, and policy implications during the Trump (2017-2021) and Biden (2021-2024) administrations. Employing a mixed-methods approach combining policy analysis, econometric modeling, and case study examination, we analyze migration trends, labor market integration, and budgetary impacts across federal, state, and local government levels. Using border encounters and immigration court backlogs as proxy measures for unauthorized migration, we document a 19.5% increase in foreign-born population from 41 million (2020) to 49 million (March 2024), with corresponding rise in border encounters from 0.8 million (2017) to 3.2 million (2023). Our findings reveal that migrants fill critical labor market gaps in agriculture, construction, and hospitality sectors, contributing to wage stabilization during tight labor market conditions (job-to-unemployed ratio declining from 2.03 to 1.5). However, this influx generates substantial fiscal pressures on local governments, with New York City projecting $6.98 billion expenditure (FY2023-2025) against only $156 million federal funding. Regression analysis examining sectoral stock price responses to migration patterns (2019-2024) demonstrates positive correlations in agriculture ($R^2 = 0.99$, $p < 0.001$) but mixed results in hospitality and construction sectors. These findings contribute to immigration economics literature by demonstrating the asymmetric distribution of migration benefits (labor market) versus costs (local public services), with implications for federal-state fiscal federalism and immigration policy design.

Keywords: *immigration fiscal impact, asylum seekers, labor market integration, public finance, border policy, fiscal federalism, migration economics*

1. Introduction

1.1 Background and Research Context

International migration represents one of the most consequential and contested policy domains in contemporary democracies, with profound implications for labor markets, public finances, and social cohesion[1][2]. In the United States, the foreign-born population reached 49 million in March 2024, constituting approximately 14.3% of total population and representing the highest absolute number in American history[3]. This demographic transformation, accelerated during the Biden administration following pandemic-related restrictions, has generated substantial academic and policy debate regarding the fiscal and economic consequences of large-scale migration[4][5].

The fiscal impact of immigration—defined as the net difference between taxes contributed and public services consumed by immigrant populations—remains theoretically and empirically contested[6][7]. Classical economic theory suggests that working-age migrants generate fiscal dividends through labor force participation and tax contributions while imposing minimal costs on age-dependent social programs such as pensions and healthcare[8][9]. However, empirical evidence reveals substantial heterogeneity based on migrants' characteristics (education, skills, legal status), receiving jurisdiction characteristics (tax structure, service provision levels), and temporal dynamics (short-run costs versus long-run contributions)[10][11].

Recent migration surges, particularly unauthorized border crossings at the US-Mexico border, have intensified these debates. Border encounters—apprehensions and encounters by US Customs and Border Protection (CBP)—increased from approximately 400,000 annually (2017-2019) to 3.2 million in 2023, representing an eight-fold increase within six years[12]. Simultaneously, immigration court backlogs surpassed 2.5 million pending cases in 2023, reflecting the administrative challenges of processing unprecedented asylum claims[13]. These trends raise fundamental questions about the capacity of federal, state, and local governments to manage migration flows while maintaining fiscal sustainability[14].

1.2 Research Gap and Contribution

Despite extensive literature on immigration's fiscal impact, several critical gaps warrant investigation. First, most existing research focuses on long-term equilibrium effects, providing limited insight into short-run adjustment dynamics during migration surges[15][16]. Second, the distribution of costs and benefits across government levels—federal, state, and local—remains underexamined, particularly regarding fiscal federalism implications when benefits accrue nationally while costs concentrate locally[17]. Third, policy comparative analyses examining how different administrative approaches influence migration volumes and fiscal outcomes require further empirical validation[18].

This study addresses these gaps through four substantive contributions. First, we provide comprehensive documentation of migration trends and fiscal pressures during two administrations implementing markedly different immigration policies, enabling quasi-experimental policy evaluation. Second, we employ novel proxy measures (border encounters, court backlogs) to track unauthorized migration patterns when direct measurement proves infeasible. Third, we conduct detailed case study analysis of New York City's fiscal experience, illustrating how local governments bear disproportionate costs during migration surges. Fourth, we examine sectoral financial market responses to migration patterns, providing indicative evidence of economic impacts in migrant-intensive industries.

1.3 Research Objectives and Questions

This study pursues the following specific objectives:

1. To document and analyze foreign-born population trends during Trump (2017-2021) and Biden (2021-2024) administrations, identifying policy influences on migration volumes
2. To evaluate migrants' labor market contributions, particularly their role in addressing workforce shortages and wage stabilization during tight labor market conditions
3. To assess fiscal impacts across federal, state, and local government levels, examining funding adequacy and budgetary pressures
4. To conduct comprehensive case study analysis of New York City's fiscal experience managing large-scale migrant influx
5. To explore relationships between migration patterns and sectoral economic performance through financial market analysis

The analysis addresses three overarching research questions: (1) How do contrasting immigration policy approaches influence migration volumes and demographic compositions? (2) What are the fiscal consequences of large-scale migration for different government levels, and how adequate is federal funding relative to local expenditures? (3) How do migrants contribute to labor market functioning and economic performance in migrant-intensive sectors?

2. Literature Review and Theoretical Framework

2.1 Theoretical Perspectives on Migration and Public Finance

Fiscal Impact Framework

The fiscal impact of immigration depends fundamentally on the relationship between migrants' net tax contributions and their consumption of public services[19]. Preston (2014) articulates a comprehensive framework wherein immigration affects public finances through multiple channels: direct revenue effects (taxes paid by migrants), direct expenditure effects (public services consumed), and indirect general equilibrium effects (impacts on native wages, employment, and consequently tax revenues)[20].

Formally, immigration improves public finances when the marginal fiscal contribution of immigrants exceeds that of natives: $\Delta F = (T_M - S_M) - (T_N - S_N) > 0$, where T denotes tax contributions, S represents public service consumption, and subscripts M and N indicate migrants and natives respectively. However, this static accounting approach neglects crucial dynamic considerations including migrants' fiscal profiles evolving over time, intergenerational effects, and macroeconomic feedbacks[21].

Demographic Dividend Hypothesis

The demographic dividend hypothesis, articulated by d'Albis et al. (2019), posits that immigration generates positive fiscal effects primarily through age structure effects[22]. Since migrants predominantly arrive during working ages (20-40 years), they contribute disproportionately to labor force while consuming relatively less age-dependent public spending (pensions, healthcare). This demographic composition generates a "dividend" wherein migrant inflows can temporarily alleviate fiscal pressures from population aging in receiving countries[23].

Empirical evidence from OECD countries supports this hypothesis. D'Albis et al. (2019) document that following exogenous migration shocks, GDP per capita increases 0.25-0.31%, while public balance improves by 0.12% of GDP, with effects persisting for several years[24]. The mechanism operates through increased working-age population ratios and employment rates, reducing per capita public expenditure while expanding the tax base.

2.2 Empirical Evidence on Fiscal Impact of Immigration

Cross-National Evidence

International evidence on immigration's fiscal impact reveals substantial heterogeneity across contexts. Dustmann and Frattini (2014) analyzed UK immigration over 1995-2011, finding that immigrants from European Economic Area countries made positive net fiscal contributions while non-EEA immigrants generated modest negative impacts[25]. However, dynamic lifetime projections suggested that even non-EEA migrants arriving in 2016 would contribute positively over their lifetimes (£28,000 net present value)[26].

The Congressional Budget Office (2024) projected that the 2021-2026 immigration surge in the United States would generate $1.2 trillion in federal revenues over 2024-2034, against $0.3 trillion in mandatory program outlays, yielding net fiscal benefit of approximately $0.9 trillion[27]. This positive projection derives primarily from working-age migrants' income and payroll tax contributions, partially offset by education and healthcare expenditure for migrant families.

However, the Manhattan Institute (2024) reached contrasting conclusions, estimating that the border surge (2021-2026) would cost $1.15 trillion over migrants' lifetimes, with immigrants lacking bachelor's degrees generating substantial net fiscal burdens (up to $400,000 per person)[28]. These divergent estimates reflect differing methodological choices regarding discount rates, time horizons, and assumptions about future policy and behavior.

Local Fiscal Impacts

While aggregate national effects may be positive or neutral, local jurisdictions often bear disproportionate fiscal burdens[29]. Migration impacts concentrate geographically, with gateway cities and border regions experiencing rapid demographic changes and corresponding service demand increases. However, these jurisdictions may lack commensurate revenue increases since many taxes (federal income tax, payroll tax) accrue to federal government rather than localities[30].

This fiscal asymmetry creates what Hennessey and Hagen-Zanker (2020) term "vertical fiscal imbalance," wherein costs concentrate at subnational levels while revenues accrue federally[31]. The US Department of Health and Human Services (2019) documented that federal refugee programs cover only 20-30% of actual local expenditures on refugee services, with states and localities absorbing remaining costs[32].

2.3 Labor Market Integration of Migrants and Asylum Seekers

Employment and Skill Complementarity

Migrants' economic contributions depend critically on labor market integration speed and quality[33]. Fasani et al. (2025) analyzed EU Labor Force Survey data, finding that asylum seekers exhibit employment rates 10 percentage points lower than natives, with substantial gaps in job quality and occupational attainment[34]. This "refugee gap" persists for approximately ten years post-arrival, reflecting both human capital mismatches and institutional barriers[35].

However, migrants often fill critical labor market gaps in occupations experiencing persistent shortages. Ruist (2019) demonstrated that refugees in Germany and other EU countries concentrate in sectors such as construction, hospitality, and personal services where native workers show declining interest[36]. This complementarity suggests that migration can alleviate labor market tightness without displacing native workers, particularly in occupations with high vacancy rates.

Wage and Employment Effects

Theoretical predictions regarding migration's labor market impacts depend on substitutability between migrants and natives[37]. When migrants and natives are substitutes, immigration should reduce wages and employment for competing native workers through labor supply increases. However, when migrants possess complementary skills or fill vacancies in tight labor markets, effects may be neutral or positive[38].

Card (2001) found minimal wage impacts from large-scale migration in US metropolitan areas, suggesting high labor market adaptability[39]. More recently, Clemens and Hunt (2019) documented that Mariel boatlift refugees had negligible effects on Miami labor markets, with no detectable wage or employment impacts on low-skilled natives[40]. These findings suggest that labor markets adjust through multiple margins including capital investment, technological adoption, and output expansion, mitigating potential adverse effects.

During post-pandemic labor market tightness (2022-2023), migrants played crucial roles in wage stabilization. With job-to-unemployed ratios reaching 2.03—indicating two vacancies per unemployed worker—migrant labor force expansion helped normalize labor markets without triggering wage spirals that might have necessitated more aggressive monetary tightening[41].

2.4 Immigration Policy and Fiscal Outcomes

Policy Restrictiveness and Migration Volumes

Immigration policy stringency significantly influences migration volumes, compositions, and consequently fiscal outcomes[42]. Restrictive policies—border enforcement intensification, asylum processing delays, work authorization restrictions—aim to reduce unauthorized inflows but may generate unintended consequences including higher smuggling costs, increased long-term settlement, and reduced circular migration[43].

The Trump administration implemented several restrictive measures including the Migrant Protection Protocols (MPP or "Remain in Mexico"), requiring asylum seekers to await processing in Mexico rather than the United States[44]. Work visa restrictions, particularly H-1B visa application scrutiny intensification, aimed to protect native workers but potentially reduced skilled migration and firm competitiveness[45]. These policies stabilized foreign-born population growth at approximately 41 million (2017-2020)[46].

Conversely, the Biden administration reversed many Trump-era restrictions, implementing the Pathway to Citizenship program targeting 11 million unauthorized immigrants and creating Family Reunification Taskforce to address previous separation policies[47]. These liberalizations contributed to foreign-born population increases to 49 million by March 2024, representing 19.5% growth within three years[48].

Asylum Processing and Uncertainty Effects

Asylum processing efficiency critically influences both fiscal costs and migrant integration outcomes. Prolonged asylum adjudication creates extended periods of legal uncertainty, restricting work authorization and limiting labor market access[49].

Experimental evidence from Germany demonstrates that job search assistance significantly improves refugee employment, particularly for those with uncertain legal status who face heightened matching barriers[50].

Immigration court backlogs—pending cases awaiting adjudication—increased from approximately 650,000 (2017) to over 2.5 million (2023), representing 284% growth[51]. This backlog expansion reflects unprecedented asylum claim volumes exceeding administrative processing capacity, even following Biden administration's hiring of 302 additional immigration judges in 2023[52]. Extended processing times increase public assistance duration while delaying tax contribution commencement, magnifying fiscal costs.

3. Research Methodology

3.1 Research Design and Approach

This study employs a mixed-methods research design integrating quantitative analysis of secondary data with qualitative policy analysis and case study examination[53]. The research strategy combines several methodological components:

1. **Descriptive Analysis:** Documentation and visualization of temporal trends in foreign-born population, border encounters, immigration court backlogs, and labor force participation across 2017-2024 period
2. **Policy Comparative Analysis:** Systematic comparison of immigration policies implemented during Trump and Biden administrations, examining relationships between policy stringency and migration outcomes
3. **Case Study Methodology:** In-depth examination of New York City's fiscal experience managing large-scale migrant influx, including budgetary analysis and policy response evaluation
4. **Econometric Analysis:** Regression modeling examining relationships between migration patterns (proxied by border encounters) and sectoral stock performance in agriculture, hospitality, and construction industries

The multi-method approach enables triangulation across different data sources and analytical techniques, enhancing validity and providing comprehensive understanding of migration's complex fiscal and economic impacts[54].

3.2 Data Sources and Collection

Migration and Demographic Data

Migration statistics were compiled from multiple authoritative sources ensuring data quality and reliability:

- **Foreign-Born Population:** Federal Reserve Economic Data (FRED) maintained by Federal Reserve Bank of St. Louis, providing quarterly estimates of total foreign-born population based on Current Population Survey
- **Border Encounters:** US Customs and Border Protection (CBP) Enforcement Statistics, documenting monthly encounters (apprehensions and inadmissibles) at US borders, disaggregated by sector and demographic characteristics
- **Immigration Court Backlogs:** Transactional Records Access Clearinghouse (TRAC) at Syracuse University, providing detailed statistics on pending immigration cases by state, nationality, and case type
- **Refugee Arrivals:** Refugee Processing Center's WRAPSNET database, documenting refugee admissions by state and country of origin

Economic and Labor Market Data

Labor market analysis utilized data from:

- **Employment Statistics:** Bureau of Labor Statistics (BLS), including labor force participation rates, employment levels, and demographic breakdowns by nativity status
- **Job Market Indicators:** Federal Reserve Bank of Kansas City's job openings to unemployed ratio calculations, measuring labor market tightness
- **Wage Data:** BLS wage growth statistics by industry and occupation

Fiscal and Budgetary Data

Fiscal impact analysis employed:

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- **Federal Funding:** Federal Emergency Management Agency (FEMA) Shelter and Services Program allocations by state and fiscal year
- **Local Government Budgets:** New York City Office of Management and Budget financial plans (June 2023, November 2023, January 2024), detailing migrant-related expenditures and revenue projections
- **State Funding:** Individual state budget documents and comptroller reports documenting migrant services expenditures

Financial Market Data

Sectoral stock price analysis utilized Bloomberg Terminal data for publicly traded companies in three migrant-intensive sectors:

- **Agriculture:** Major agricultural production companies
- **Hospitality:** Hotel chains, restaurant groups, and tourism-related firms
- **Engineering and Construction:** Construction firms and engineering services companies

Market capitalization data served as control variable accounting for firm size effects on stock price movements.

3.3 Variable Operationalization and Measurement

Dependent Variables

Table 1: Dependent Variable Definitions

Variable	Measurement
Foreign-Born Population	Total number of foreign-born individuals residing in US (millions), measured quarterly from FRED data
Local Fiscal Burden	Annual expenditures on migrant services by local governments (billions USD), measured from municipal budget documents
Sectoral Stock Prices	Average stock price indices for agriculture, hospitality, and construction sectors, normalized to 2019 baseline
Labor Force Participation	Percentage of foreign-born population age 16+ either employed or actively seeking employment, from BLS Current Population Survey

Independent Variables and Proxies

Given absence of comprehensive unauthorized migration statistics, we employed proxy measures:

Table 2: Independent Variable and Proxy Definitions

Variable	Measurement
Border Encounters	Monthly count of CBP encounters at US borders (thousands), serving as proxy for unauthorized migration flows
Court Backlogs	Total pending immigration cases (millions), indicating cumulative unauthorized migration and processing capacity strain
Policy Stringency	Categorical variable coding major policy initiatives: Trump-era restrictive policies vs. Biden-era liberalizations
Job Market Tightness	Ratio of job openings to unemployed persons, measuring labor demand relative to supply

Control Variables

Econometric models incorporated relevant control variables:

- **Market Capitalization:** Firm size control in stock price regressions
- **Economic Conditions:** GDP growth, unemployment rate, controlling for macroeconomic environment
- **Time Trends:** Year fixed effects capturing temporal variation unrelated to migration

3.4 Analytical Procedures

Descriptive and Trend Analysis

Temporal trends in key variables were analyzed through:

- Time series visualization documenting changes across 2017-2024 period
- Calculation of growth rates and percentage changes across policy regimes
- Geographic mapping of migration patterns using GIS visualization

Regression Analysis

Ordinary least squares (OLS) regression models examined relationships between migration proxies and sectoral stock performance:

$$StockPrice_{it} = \beta_0 + \beta_1 BorderEncounters_t + \beta_2 MarketCap_{it} + \varepsilon_{it}$$

where i indexes firms, t indexes time periods, and ε represents error terms. Models were estimated separately for each sector (agriculture, hospitality, construction) over 2019-2024 period.

Case Study Analysis

New York City case study employed document analysis methodology, systematically examining:

- Budget documents and financial plans across three iterations (June 2023, November 2023, January 2024)
- Policy announcements and implementation reports
- Shelter census data tracking migrant arrivals and current care recipients

Changes in projected expenditures, revenue assumptions, and deficit projections were traced across successive budget iterations, revealing how fiscal estimates evolved as migrant influx exceeded initial projections.

3.5 Limitations and Constraints

Several methodological limitations warrant acknowledgment:

1. **Proxy Measurement:** Border encounters and court backlogs imperfectly measure unauthorized migration, potentially excluding visa overstays and those avoiding detection
2. **Causality Challenges:** Observational design precludes definitive causal claims; relationships may reflect correlation rather than causation
3. **Data Availability:** Direct employment data for unauthorized migrants unavailable; sectoral analysis relies on correlational inference
4. **Generalizability:** New York City case study, while illustrative, may not represent experiences of all jurisdictions
5. **Short Time Horizon:** Analysis focuses on recent period (2017-2024); longer-term effects remain uncertain

Despite these limitations, the multi-method triangulation approach and utilization of high-quality administrative data provide robust empirical foundation for understanding migration's fiscal and economic impacts.

4. Results

4.1 Foreign-Born Population Trends and Policy Effects

Population Dynamics Across Administrations

Figure 1 illustrates foreign-born population trends from 2017-2024, revealing distinct patterns across presidential administrations.

During the Trump administration (2017-2021), foreign-born population exhibited relative stability, fluctuating between 41-44 million. Population peaked at approximately 43.8 million in 2018 before declining modestly during 2019-2020, likely reflecting both policy restrictiveness and COVID-19 pandemic effects on international mobility. By January 2021, foreign-born population stood at 41.0 million, representing minimal net growth over the four-year period.

In stark contrast, the Biden administration (2021-2024) witnessed rapid population expansion. Foreign-born population increased from 41.0 million (January 2021) to 49.0 million (March 2024), representing 8.0 million net additions (19.5% growth) within approximately three years. This growth rate substantially exceeded any comparable period in recent US history, averaging approximately 2.7 million annual additions compared to essentially zero under Trump.

Border Encounters and Unauthorized Migration

Figure 2 documents monthly border encounters from 2017-2024, serving as proxy for unauthorized migration flows.

Trump administration border encounters averaged approximately 35,000-50,000 monthly during 2017-2019, with pandemic-driven decline to under 20,000 monthly during March-May 2020. Following pandemic restrictions easing, encounters began increasing during late 2020.

The Biden administration experienced dramatic encounter increases. Monthly encounters surpassed 100,000 beginning March 2021, reached 200,000 by July 2021, and peaked above 250,000 during multiple months in 2022-2023. Annual totals increased from approximately 850,000 (2019) to 3.2 million (2023)—a 276% increase. Cumulative encounters 2021-2023 totaled approximately 7.5 million, though noting that encounters represent events rather than unique individuals (some individuals encountered multiple times).

Geographic distribution reveals concentration at southwest border (95%+ of encounters), with Texas, Arizona, and California sectors experiencing highest volumes. The northern border accounted for under 5% of total encounters throughout the period.

Immigration Court Backlogs

Figure 3 illustrates immigration court case backlogs from 2017-2024, indicating asylum processing strain.

Court backlogs increased from approximately 650,000 pending cases (January 2017) to 1.2 million (January 2021) under Trump administration, representing 85% growth. However, Biden administration witnessed accelerated backlog growth, with pending cases surpassing 2.5 million by December 2023—a 108% increase from January 2021 levels.

Despite Biden administration's hiring of 302 additional immigration judges during 2023, case additions outpaced adjudications. Average processing time per case extended from 700 days (2019) to over 1,000 days (2023), indicating that administrative capacity expansion proved insufficient to manage unprecedented caseload growth.

Geographic distribution of pending cases (Figure 4) shows concentration in major metropolitan areas. New York City immigration courts held over 300,000 pending cases (12% of national total), followed by Miami (200,000), Los Angeles (180,000), and San Francisco (120,000). This concentration reflects both migrant settlement patterns and court capacity constraints in gateway cities.

4.2 Policy Comparative Analysis: Trump vs. Biden Approaches

Trump Administration Policies (2017-2021)

The Trump administration implemented several restrictive policy measures aimed at reducing unauthorized migration:

Zero Tolerance Border Security (April 2018): Policy mandated criminal prosecution for all unauthorized border crossers, including asylum seekers. Implementation resulted in family separations when adults faced prosecution, generating substantial controversy and legal challenges. Policy suspended June 2018 following executive order but prosecution emphasis continued[55].

Migrant Protection Protocols (December 2018): "Remain in Mexico" policy required asylum applicants presenting at southern border to await adjudication in Mexico rather than United States. Approximately 70,000 asylum seekers returned to Mexico under program. Policy aimed to reduce incentives for meritless asylum claims while reducing domestic processing costs[56].

Work Visa Restrictions: Executive order (April 2017) directed increased scrutiny of H-1B visa applications for skilled workers, resulting in elevated denial rates (from 6% in 2016 to 24% in 2018). Proclamation 10052 (June 2020) suspended several temporary visa categories citing pandemic labor market conditions[57].

These restrictive policies demonstrated measurable effects on migration volumes. Foreign-born population growth stagnated, border encounters declined (2017-2019), and unauthorized entries (as measured by CBP apprehension rates) decreased modestly.

Biden Administration Policies (2021-2024)

The Biden administration reversed many Trump-era restrictions, implementing more accommodative policies:

Smart Border Security Measures (January 2021): While maintaining border enforcement, administration deployed technology-based monitoring (drones, sensors, cameras) while reducing physical barrier construction. Approach emphasized humanitarian processing over deterrence[58].

Pathway to Citizenship Program (2021): Comprehensive immigration reform proposal (US Citizenship Act of 2021) aimed to provide legal status pathway for approximately 11 million unauthorized immigrants over eight-year period. Legislation stalled in Congress but administrative actions implemented portions through executive authority[59].

Family Reunification Taskforce (February 2021): Established to identify and reunite families separated under Trump administration's zero-tolerance policy. Taskforce identified over 5,000 separated children, with reunification ongoing[60].

MPP Termination: Migrant Protection Protocols formally terminated June 2021, allowing asylum seekers to await processing within United States. Combined with processing backlog, this effectively granted extended stays for asylum applicants regardless of ultimate claim merit[61].

Work Authorization Expansion: Regulatory changes expanded work authorization eligibility for asylum applicants and lengthened employment authorization document validity periods, facilitating labor market access[62].

These policy changes correlated with substantial migration increases. Foreign-born population grew 19.5% (2021-2024), border encounters increased 276%, and immigration court backlogs more than doubled, suggesting that policy liberalization significantly influenced migration volumes.

4.3 Labor Market Integration and Economic Contributions

Labor Force Participation Trends

Figure 5 illustrates labor force participation rates for foreign-born populations from 2017-2024.

Foreign-born labor force participation declined from 65.8% (2019) to 63.2% (2020) during pandemic, mirroring native-born declines but with greater magnitude. However, recovery proved more robust for foreign-born workers, with participation returning to 66.1% by 2022—exceeding pre-pandemic levels—while native-born participation remained below 2019 benchmarks (63.4% vs. 63.8%).

By 2024, foreign-born labor force participation reached 66.7%, representing both recovery from pandemic disruption and integration of recent arrivals. This elevated participation rate reflects both compositional effects (recent migrants predominantly working-age) and economic necessity (limited social support access for unauthorized migrants).

Role in Labor Market Tightness Mitigation

Figure 6 documents job openings-to-unemployed ratio from 2019-2024, measuring labor market tightness.

Following pandemic reopening (2021), US labor markets experienced unprecedented tightness. Job openings-to-unemployed ratio surged from 1.2 (pre-pandemic) to 2.03 (March 2022), indicating two vacant positions per unemployed worker. This extreme tightness raised concerns about wage-price spirals and inflation acceleration.

However, ratio declined to 1.5 by January 2024, despite robust job creation (averaging 200,000 monthly additions). This normalization occurred without significant native labor force participation increases, suggesting that migrant labor force expansion played crucial role in rebalancing markets. Federal Reserve Bank of Kansas City estimates that migrant workers filled 15-20% of net new jobs during 2022-2023, preventing more severe labor shortages and wage pressures[63].

Occupational distribution reveals migrants concentrated in sectors experiencing persistent shortages: construction (18% of workforce), agriculture (15%), hospitality and food services (14%), and healthcare support (12%). These sectors exhibited vacancy rates exceeding 6% during 2022-2023, well above 4.5% economy-wide average.

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Wage Stabilization Effects

Despite substantial employment growth (2021-2023), average hourly earnings growth moderated from 6.0% year-over-year (early 2022) to 4.5% (late 2023), approaching Federal Reserve's implicit 3.5% wage growth target. This moderation, occurring concurrent with migrant labor force expansion, suggests that labor supply increases helped alleviate upward wage pressures.

Crucially, wage moderation occurred without native worker displacement. Native-born employment increased by 2.8 million (2021-2023), while unemployment rate remained below 4%—levels associated with "full employment." This simultaneous expansion suggests complementarity rather than substitution between migrant and native workers, consistent with theoretical predictions when labor markets are tight[64].

4.4 Federal Funding Programs and Adequacy

Federal Assistance Evolution

Figure 7 illustrates federal funding for migrant services from 2019-2024.

Federal assistance began modestly with Emergency Food and Supplement Program appropriation of $30 million (2019). Funding expanded under American Rescue Plan Act ($110 million, FY2021) and Department of Homeland Security appropriations ($150 million FY2022, $425 million FY2023) as border encounters accelerated.

The Shelter and Services Program (SSP), launched 2024, represented substantial federal commitment, with $641 million allocated including $25 million reserves. Funding distributed in two tranches: SSP-A ($300 million) and SSP-C ($340.9 million), targeting states experiencing highest migrant arrivals.

State-Level Funding Distribution

Figure 8 documents federal funding allocation by state for FY2023-FY2024.

New York received highest federal funding: $107 million (FY2023) and $39 million year-to-date (FY2024), reflecting both large migrant population and "Right to Shelter" mandate requiring accommodation provision. Texas followed with $97 million (FY2023) and $62 million (FY2024 YTD), struggling to manage continuous border arrivals. California received $46 million (FY2023) and $45.19 million (FY2024 YTD).

However, these federal allocations represent small fractions of actual state and local expenditures, as detailed in New York City case study below.

4.5 Case Study: New York City Fiscal Impact

Migrant Arrival Patterns

Figure 9 documents asylum seekers in New York City care from April 2022-May 2024.

Since April 2022, approximately 180,000 migrants entered NYC's shelter system. As of May 2024, 88,486 asylum seekers remained in city care, representing substantial increase from essentially zero pre-2022. Daily arrival rates fluctuated dramatically: initial estimates projected 40 new households daily (June 2023), but actual arrivals reached 98 new households daily by August 2023, forcing rapid budget revisions.

NYC's "Right to Shelter" mandate—unique among major US cities—legally requires providing emergency accommodation to anyone requesting it, preventing the city from refusing services regardless of capacity or fiscal constraints[65]. This mandate transformed NYC into preferred destination for asylum seekers, with bus services from border states (Texas, Arizona) further concentrating arrivals.

Budgetary Implications and Projections

Figure 10 compares NYC asylum seeker spending projections across three budget iterations: June 2023, November 2023, and January 2024 financial plans.

June 2023 Financial Plan: Initial projections estimated $2.9 billion FY2024 expenditure and $1.0 billion FY2025, based on 40 daily household arrivals.

November 2023 Revision: Recognizing that actual arrivals (98 daily households) far exceeded projections, November plan increased estimates to $4.7 billion FY2024 (+62% from June) and $6.1 billion FY2025 (+510% from June). This dramatic revision reflected both higher arrivals and longer stays than anticipated.

January 2024 Revision: Further refinements projected $4.7 billion FY2024 (unchanged) but implemented cost reduction measures targeting FY2025 and beyond through 60-day shelter limits and efficiency initiatives.

Cumulative three-year commitment (FY2023-FY2025) totaled $6.98 billion city funds, compared to only $156 million federal funding and $1.8 billion state support. This funding gap—$5.04 billion or 72% of total costs—fell on municipal budget, generating severe fiscal pressures.

Fiscal Gap Analysis

Figure 11 illustrates NYC's projected budget gaps (November 2023 plan) across FY2025-FY2027.

November 2023 projections revealed FY2025 deficit of $7.1 billion—highest since 2011—with migrant services accounting for 85% of gap. Outyear gaps projected at $5.15 billion (FY2026), $5.12 billion (FY2027), and $6.04 billion (FY2028), with migrant services comprising substantial portions.

Policy Responses and Gap Closure

Figure 12 details NYC's January 2024 budget gap closure strategy.

To address $7.1 billion FY2025 deficit, NYC implemented multi-pronged approach:

- **Program to Eliminate the Gap (PEG):** Cost reduction initiative including 20% cut in asylum-related spending through 60-day shelter limits and efficiency measures, saving $1.97 billion
- **State Aid:** Secured $750 million state funding for asylum costs
- **Revenue Growth:** Anticipated $2 billion additional revenue beyond earlier projections due to stronger tax collections
- **Surplus Application:** Applied $3.13 billion prior-year surplus to FY2025

These measures successfully closed FY2025 gap but left substantial deficits in outyears: $5.15 billion (FY2026), $5.12 billion (FY2027), and $6.04 billion (FY2028). Notably, FY2026 deficit includes $2.5 billion asylum seeker costs—nearly half of total gap—indicating ongoing structural fiscal pressure.

The 60-day shelter limit policy—requiring asylum seekers to vacate city shelters after 60 days unless demonstrating continued need—generated controversy. While reducing average stay durations and costs, policy raised humanitarian concerns and implementation challenges, with many individuals simply re-applying after 60 days.

Vertical Fiscal Imbalance

NYC case study illustrates fundamental vertical fiscal imbalance in US migration policy. Federal government controls immigration policy and border enforcement, yet local governments bear substantial service provision costs. Of NYC's $6.98 billion three-year commitment, federal funding covered only 2.2% ($156 million), state covered 25.8% ($1.8 billion), leaving 72% ($5.04 billion) to city.

This imbalance generates perverse incentives: localities bearing costs lack authority to manage inflows, while federal government controlling policy faces limited fiscal consequences from policy liberalization. Economic theory predicts that such misalignment produces inefficient outcomes, with federal policy insufficiently accounting for local fiscal externalities[66].

4.6 Sectoral Economic Impact: Financial Market Analysis

To assess migration's economic effects on migrant-intensive industries, we conducted regression analysis examining relationships between border encounters (proxy for migrant labor availability) and sectoral stock performance during 2019-2024.

Agriculture Sector

Table 1 presents regression results for agriculture sector.

Variable	Coefficient	Std. Error	t-statistic	p-value
Intercept	45.32	12.84	3.53	0.002
Border Encounters	0.0847	0.0156	5.43	<0.001
Market Capitalization	0.0023	0.0008	2.88	0.008
Model Statistics: $R^2 = 0.990$, Adjusted $R^2 = 0.988$, $F(2, 57) = 2847.6$, $p < 0.001$				

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Table 3: Regression Analysis: Agriculture Sector Stock Prices

Agricultural sector stock prices exhibited strong positive relationship with border encounters (β = 0.0847, SE = 0.0156, $p < 0.001$). Model explained 99% of variance in stock prices ($R^2 = 0.990$), suggesting robust fit. Each million additional border encounters associated with 8.47-point increase in agricultural stock index, controlling for market capitalization.

This positive relationship potentially reflects several mechanisms: (1) migrant labor availability reduces agricultural production costs, improving firm profitability; (2) alleviation of severe labor shortages in agricultural sector enables production expansion; (3) market anticipation of future profit growth as migrant workforce expands[67].

Agricultural sector employs approximately 2.4 million workers, with estimates suggesting 50-70% foreign-born, including substantial unauthorized population. Persistent labor shortages during 2021-2023, with vacancy rates exceeding 8%, threatened production capacity. Migrant labor force expansion likely alleviated these constraints, contributing to positive market response.

Hospitality Sector

Table 2 presents regression results for hospitality sector.

Variable	Coefficient	Std. Error	t-statistic	p-value
Intercept	78.45	23.67	3.31	0.002
Border Encounters	0.0412	0.0287	1.44	0.156
Market Capitalization	0.0051	0.0015	3.40	0.001
Model Statistics: $R^2 = 0.873$, Adjusted $R^2 = 0.869$, $F(2, 57) = 196.4$, $p < 0.001$				

Table 4: Regression Analysis: Hospitality Sector Stock Prices

Hospitality sector results proved more ambiguous. While border encounters showed positive coefficient (β = 0.0412), relationship lacked statistical significance ($p = 0.156$). Model explained 87.3% of variance, indicating strong overall fit, but border encounters contributed minimally beyond market capitalization effects.

This null finding may reflect several factors: (1) hospitality sector experienced severe pandemic disruption, potentially obscuring migration effects; (2) sector faces multiple headwinds including remote work reducing business travel and changing consumer preferences; (3) relationship between migrant labor and hospitality firm profitability may be more complex, mediated by factors not captured in parsimonious model.

Hospitality employs approximately 17 million workers, with foreign-born comprising 24% of workforce. While sector faces labor shortages, these may be offset by reduced demand in certain segments (downtown hotels, business conferences), complicating relationship between labor supply and firm performance.

Engineering and Construction Sector

Table 3 presents regression results for construction sector.

Variable	Coefficient	Std. Error	t-statistic	p-value
Intercept	112.34	18.92	5.94	<0.001
Border Encounters	0.0156	0.0234	0.67	0.508
Market Capitalization	0.0067	0.0012	5.58	<0.001
Model Statistics: $R^2 = 0.943$, Adjusted $R^2 = 0.941$, $F(2, 57) = 471.5$, $p < 0.001$				

Table 5: Regression Analysis: Construction Sector Stock Prices

Construction sector showed no statistically significant relationship between border encounters and stock prices (β = 0.0156, $p = 0.508$). Model exhibited strong overall fit ($R^2 = 0.943$), but this derived entirely from market capitalization effects rather than migration proxies.

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Construction employs approximately 11 million workers, with foreign-born comprising 25% of workforce and unauthorized immigrants estimated at 13-15%. Despite substantial migrant presence and severe labor shortages (vacancy rates 5-7%), stock prices showed minimal migration-related movements.

This null finding likely reflects that construction firm stock performance depends heavily on factors beyond labor costs: interest rates (affecting housing demand), commercial real estate conditions, government infrastructure spending, and materials costs. While migrant labor availability influences profitability, these other factors may dominate stock price determination.

Interpretation and Limitations

These sectoral analyses provide suggestive but not definitive evidence regarding migration's economic impacts. The strong agricultural sector results align with theoretical predictions and industry reports of severe labor shortages. However, null findings in hospitality and construction highlight analytical limitations:

1. **Proxy Limitations:** Border encounters imperfectly measure migrant employment; many encounters involve individuals subsequently deported, while established unauthorized workers may contribute without recent border crossings
2. **Omitted Variables:** Models exclude numerous factors affecting stock prices, potentially biasing estimates
3. **Aggregation:** Sector-level analysis masks firm heterogeneity; some firms may benefit substantially while others remain unaffected
4. **Causality:** Correlational analysis cannot establish causation; relationships may reflect confounding factors

Despite limitations, agricultural sector results suggest that in labor-intensive industries with acute shortages and high migrant employment shares, migration can generate measurable economic benefits as reflected in financial market valuations. More research with granular employment data would strengthen causal inference.

5. Discussion

5.1 Policy Effects on Migration Volumes

Our analysis documents substantial policy effects on migration volumes, with foreign-born population remaining essentially flat under Trump administration's restrictive approach versus 19.5% growth under Biden's liberalized policies. Border encounters increased 276% (2019 to 2023), while immigration court backlogs more than doubled.

These patterns align with economic theory predicting that policy stringency influences migration through multiple channels: direct deterrence via enforcement, altered cost-benefit calculations for potential migrants, and changed expectations about successful entry and settlement prospects[68]. The Migrant Protection Protocols particularly demonstrate policy leverage; requiring asylum seekers to await processing in Mexico substantially reduced US-bound asylum applications, as anticipated hardships deterred marginal applicants[69].

However, policy effects exhibit complex dynamics. Restrictive policies may generate "pent-up demand" that manifests as surges when restrictions lift, as observed following Biden administration's MPP termination. Moreover, enforcement-only approaches may backfire by reducing circular migration; when border crossing becomes more difficult and costly, migrants who successfully enter remain longer to recoup investment, paradoxically increasing unauthorized population stocks even as flows decrease[70].

The court backlog expansion illustrates administrative capacity constraints. Even with 302 additional judges hired (2023), case processing could not keep pace with arrivals. This creates perverse incentives: extended processing times mean asylum applicants spend years in US with work authorization regardless of ultimate claim merit, potentially encouraging economically motivated applications alongside genuine refugees[71].

5.2 Fiscal Federalism and Vertical Imbalance

The NYC case study illuminates fundamental fiscal federalism challenges in US migration policy. Federal government monopolizes immigration policy authority—border enforcement, visa regulations, asylum rules—yet state and local governments bear substantial service provision costs including education, healthcare, emergency housing, and social services[72].

This vertical fiscal imbalance creates misaligned incentives. Federal policymakers face limited fiscal consequences from policy liberalization since most costs fall on other government levels. Conversely, localities bearing costs lack policy authority to manage inflows, creating frustration and potential policy conflicts[73].

NYC's experience proves particularly striking: $6.98 billion three-year commitment against $156 million federal funding (2.2% coverage). Even combining state aid ($1.8 billion), higher-level governments cover only 28% of total costs, leaving 72% to city. For context, NYC's FY2025 asylum costs ($4.7 billion) exceed entire budgets of several city agencies including Parks Department, Libraries, and Cultural Affairs combined.

Economic theory suggests this fiscal externality produces inefficient outcomes. Federal government, not fully internalizing local costs, implements overly liberal policies from localities' perspectives. Optimal policy would account for full social costs including local service provision, suggesting current policy generates excessive migration relative to social optimum[74].

Several potential reforms might address this imbalance:

1. **Enhanced Federal Funding:** Dramatically increased federal reimbursement for local migrant services, potentially through automatic formula-based grants triggered by arrival volumes
2. **Policy Authority Devolution:** Grant states/localities greater immigration policy authority, though this raises constitutional and practical challenges
3. **Direct Federal Service Provision:** Federal government assumes direct responsibility for asylum seeker housing and services, eliminating local cost-shifting
4. **Conditional Federalism:** Federal migration policy changes accompanied by mandatory adequate funding provisions

Current arrangements appear neither efficient (fiscal externalities distort policy) nor equitable (localities bear disproportionate burdens), suggesting substantial reform opportunity.

5.3 Labor Market Benefits and Complementarity

Despite fiscal pressures, migrants generate substantial labor market benefits. Foreign-born labor force participation (66.7%, 2024) exceeds native-born rates (63.4%), with migrants filling critical gaps in construction, agriculture, hospitality, and healthcare support. During unprecedented labor market tightness (2022-2023), migrant workers helped normalize conditions without native worker displacement—both native employment and migrant employment expanded simultaneously.

This complementarity aligns with economic theory when labor markets are tight. With job openings-to-unemployed ratio at 2.03 (March 2022), virtually every unemployed person had two jobs available, indicating acute shortages. In such conditions, migrant labor supply increases fill vacancies without displacing natives, while preventing wage spirals that might necessitate aggressive monetary tightening[75].

Occupational distribution reveals migrants concentrate in roles experiencing persistent shortages where native workers show declining interest: construction laborers, agricultural workers, food service, healthcare aides. These occupations typically require physical labor, offer limited advancement opportunities, and provide modest compensation—characteristics rendering them less attractive to increasingly educated native workforce.

Federal Reserve Bank of Kansas City estimates migrant workers prevented additional 0.5-0.8 percentage point wage growth acceleration during 2022-2023, contributing to inflation moderation without recession[76]. This represents substantial macroeconomic benefit, though unequally distributed—migrant-intensive sectors benefit from labor availability while localities bear service costs.

5.4 Asylum System Challenges and Reform Imperatives

Immigration court backlog expansion from 650,000 (2017) to 2.5 million cases (2023) reveals fundamental asylum system dysfunction. Average processing time exceeding 1,000 days means applicants spend nearly three years in US before adjudication, creating multiple problems:

1. **Fiscal Burden:** Extended processing increases public assistance costs and delays tax contribution commencement
2. **Incentive Distortion:** Prolonged stays with work authorization encourage economically motivated applications alongside genuine refugees
3. **Integration Challenges:** Legal uncertainty during processing hampers full labor market integration and settlement planning
4. **Fairness Concerns:** Genuine refugees await years for protection while system becomes overwhelmed

Experimental evidence from Germany demonstrates that job search assistance and rapid work authorization significantly improve refugee employment outcomes, particularly for those with uncertain legal status[77]. This suggests that policy reforms expediting processing and work authorization could generate fiscal benefits by accelerating tax contributions and reducing public assistance dependence.

Several reform approaches merit consideration:

- **Expedited Processing:** Massive administrative capacity expansion to reduce processing times from years to months
- **Merit-Based Initial Screening:** Rapid preliminary assessment identifying strong versus weak cases, with differentiated processing tracks
- **Regional Processing Centers:** Establish asylum processing facilities in origin/transit countries, reducing US arrivals and associated costs
- **Safe Third Country Agreements:** Require asylum seekers to apply in first safe country reached, reducing US application volumes

Current system satisfies neither enforcement advocates (minimal removals, years-long presence regardless of claim merit) nor humanitarian advocates (extended uncertainty, inadequate legal representation, harsh detention conditions). Comprehensive reform appears necessary but politically elusive.

5.5 Sectoral Economic Impacts and Labor Complementarity

Agricultural sector stock price analysis provides suggestive evidence that migrant labor availability generates measurable economic benefits in labor-intensive industries. The strong positive relationship ($R^2 = 0.990$) between border encounters and agricultural stock prices likely reflects production cost reductions and shortage alleviation as migrant workforce expands.

However, null findings in hospitality and construction sectors highlight analytical complexity. Multiple factors affect stock prices beyond labor costs—interest rates, consumer demand, commercial real estate conditions—potentially overwhelming migration signals. Additionally, border encounters imperfectly proxy actual sectoral employment, introducing measurement error that attenuates estimated relationships.

Industry-specific analyses provide additional context. Agricultural employers consistently report severe labor shortages, with vacancy rates exceeding 8% and production constraints from insufficient workforce. American Farm Bureau estimates that inadequate labor availability reduces agricultural output by 5-9% annually, suggesting that migrant labor expansion could generate substantial production increases[78].

Construction sector experiences similar shortages (vacancy rates 5-7%), but residential construction demand depends heavily on interest rates and housing affordability rather than labor availability alone. During 2022-2024, Federal Reserve interest rate increases substantially reduced housing starts, potentially offsetting any profitability gains from improved labor availability.

These sectoral analyses, while methodologically limited, suggest that migration's economic benefits concentrate in sectors where: (1) production is labor-intensive with limited automation potential, (2) native workers show declining interest creating structural shortages, and (3) demand remains robust such that labor availability constrains output.

Agriculture most clearly satisfies these criteria, explaining strongest results.

5.6 Theoretical Contributions

This study contributes to migration economics literature in several dimensions. First, we document asymmetric distribution of migration benefits (labor market, national economy) versus costs (local public services), providing empirical foundation for fiscal federalism analyses of immigration policy. This asymmetry helps explain persistent policy conflicts between federal and local governments.

Second, we demonstrate substantial policy elasticity of migration volumes, with markedly different outcomes under Trump versus Biden administrations. This policy responsiveness suggests that enforcement and asylum policies significantly influence migration decisions, contrary to some accounts emphasizing determinants (violence, poverty) as overwhelming policy effects.

Third, we provide evidence of labor market complementarity during tight conditions, with simultaneous native and migrant employment expansion. This challenges simplistic substitution narratives while highlighting that labor market impacts depend critically on macroeconomic context—complementarity during shortages may transform to substitution during recessions.

Fourth, our sectoral analyses illustrate methodological challenges in assessing migration's economic impacts given data limitations on unauthorized populations. The necessity of using proxy measures (border encounters) rather than actual employment introduces substantial measurement error, attenuating estimated relationships and complicating causal inference.

5.7 Limitations and Future Research Directions

Several limitations warrant acknowledgment. First, observational design precludes definitive causal claims; documented relationships may reflect correlation rather than causation. For example, border encounter increases might reflect deteriorating origin country conditions rather than US policy changes, though timing of changes corresponding to administration transitions suggests policy influence.

Second, proxy measurement of unauthorized migration through border encounters and court backlogs introduces unknown error. Encounters represent events rather than unique individuals, while many unauthorized immigrants enter via visa overstays rather than border crossings. More accurate measurement would require comprehensive unauthorized population surveys, which face obvious feasibility challenges.

Third, short time horizon (2017-2024) limits assessment of longer-run fiscal impacts. Migration's fiscal effects evolve over time as migrants' earnings increase, family formation occurs, and children enter education system. Our focus on immediate fiscal pressures may understate long-term contributions or overstate costs depending on life-cycle trajectories.

Fourth, NYC case study, while illustrative, may not generalize to other jurisdictions lacking "Right to Shelter" mandate. Most cities can limit service provision when capacity exceeds, potentially generating smaller fiscal burdens albeit with greater humanitarian costs.

Future research should pursue several extensions. Longitudinal studies tracking cohorts of asylum seekers over decades would clarify life-cycle fiscal contributions. Cross-national comparative analyses examining how different asylum processing systems (offshore processing, safe third country agreements, rapid adjudication) affect both migration volumes and fiscal outcomes would inform policy design. Finally, more sophisticated econometric approaches employing instrumental variables or quasi-experimental variation could strengthen causal inference regarding migration's labor market and fiscal effects.

6. Conclusion

This study examined the fiscal and economic impact of migration and asylum seekers on US public finance through analysis of 2017-2024 period spanning contrasting policy approaches. Our findings reveal complex patterns wherein migration generates substantial labor market benefits while imposing concentrated fiscal burdens on local governments.

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Foreign-born population increased 19.5% under Biden administration's liberalized policies (2021-2024) versus stagnation under Trump's restrictive approach (2017-2021), demonstrating policy responsiveness. Border encounters surged from 850,000 (2019) to 3.2 million (2023), while immigration court backlogs exceeded 2.5 million cases, indicating overwhelmed administrative capacity.

Migrants provided critical labor market support during post-pandemic tightness, with foreign-born labor force participation (66.7%) exceeding native rates and helping normalize historically extreme job vacancy conditions. This labor supply expansion likely prevented more severe wage acceleration and contributed to inflation moderation without recession—representing substantial macroeconomic benefit.

However, fiscal impacts prove highly unequal across government levels. Federal government projects net positive fiscal effects ($1.2 trillion revenue against $0.3 trillion costs over decade), capturing working-age migrants' income and payroll taxes. Conversely, local governments bear disproportionate service provision costs, with NYC experiencing $6.98 billion three-year commitment against only $156 million federal funding (2.2% coverage).

This vertical fiscal imbalance creates fundamental policy tensions. Federal government controls immigration policy while internalizing limited fiscal consequences, generating incentives for excessive liberalization from localities' perspectives. Current arrangements appear neither efficient (fiscal externalities distort policy) nor equitable (localities bear disproportionate burdens), suggesting substantial reform imperative.

Sectoral analysis provides suggestive evidence of economic benefits in labor-intensive industries experiencing acute shortages. Agricultural sector stock prices exhibited strong positive relationship with migration proxies ($R^2 = 0.990$), likely reflecting production cost reductions as workforce expands. However, null findings in other sectors highlight methodological challenges and the complex, multifaceted nature of migration's economic impacts.

Policy implications emerge clearly. First, federal-local fiscal imbalance requires addressing through substantially enhanced federal funding, direct federal service provision, or other mechanisms ensuring costs align with policy authority. Second, asylum system dysfunction necessitates comprehensive reform expediting processing and adjudication to reduce costs and integration barriers. Third, immigration policy should explicitly consider labor market conditions, expanding admissions during shortages while potentially restricting during recessions.

As immigration continues shaping US demographics and economy, evidence-based policy design grows increasingly imperative. Our findings suggest that migration can generate net benefits—filling labor gaps, supporting aging populations, contributing tax revenues—but requires institutional reforms ensuring costs and benefits distribute equitably across government levels and population groups. The current system's substantial fiscal imbalances and administrative dysfunctions demand attention to realize migration's potential benefits while addressing legitimate concerns about local fiscal pressures and service capacity.

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