



COMPTROLLER OF MARYLAND

# STATE OF THE ECONOMY SERIES: IMMIGRATION AND THE ECONOMY

APRIL 2024

## State of the Economy Series

In January 2024, Comptroller Lierman released the inaugural State of the Economy Report which examined economic trends in Maryland compared to the U.S. and neighboring states. This policy brief is the first in a series that further examines key findings from the report, in order to inform policymakers and the public.

## Major Takeaways

**Maryland's population growth has been nominal or negative for each of the past five years.** The state's labor force participation has not recovered from a four percentage-point decline at the onset of the pandemic.

**Immigrants have long bolstered Maryland's population, and they are essential for a thriving economy and economic growth.** Immigrants fill labor shortages, start businesses, and pay taxes.

If not for increases in international migration in 2023, **Maryland would have lost population for a third straight year.**

**Immigrants boost innovation and entrepreneurship,** expanding our workforce and advancing the state economy.

**Immigrants create a diverse and competitive workforce.** Maryland is recognized as a state where immigrants are welcome and can thrive because of existing immigrant communities.

**Maryland's immigrant population is key to expanding our workforce and advancing the state economy.** In order to continue to move the state forward, there is a need to address legal and procedural barriers that restrict immigrants from accessing certain jobs and to better position the state to capitalize on anticipated increases in international migration in the coming years.



[MARYLANDTAXES.GOV/RESEARCH](https://marylandtaxes.gov/research)

Immigrants represent more than 21% of people in our state's workforce and have a significantly higher labor participation rate than U.S.-born Marylanders which is critical given the current low unemployment rate and high vacancy rate for jobs (3 jobs for every job seeker).

For the state to grow its population, economic policymakers and practitioners should look at policies and practices that can attract more immigrants to Maryland and expand their opportunities for accessing jobs.

While much of this work must happen at the federal level, there are specific areas where states and counties/cities have taken action, including:

- Expanding access to certifications and credentialing for foreign-born professionals
- Financial assistance for citizenship applications
- Rules governing employment requirements for certain state and local government employees
- Encouraging universities and employers to maximize utilization of temporary work visas for international students
- Promoting an ecosystem of economic opportunity for immigrants

According to Census Data, international migration prevented Maryland from demonstrating a loss in population in 2023.

Where are most immigrants living in Maryland?

- Montgomery County (32.5%)
  - Prince George's County (22.5%)
  - Howard County (20.9%)
- \*Percentage of county population

Immigrants were responsible for filling 50% of the 2.7 million new jobs in the U.S. in 2023.

Where are most immigrants in Maryland from (top five countries of origin)?

- El Salvador (11.7%)
- India (6.3%)
- China (4.7%)
- Nigeria (4.7%) and
- Guatemala (4%)

\*2016 Data

Immigrants from several continents make up 16.7% of Maryland's population (over 1 million people).

Immigrants help drive revenues, consumer spending, and other resources that come into our state and our local communities.

Economic potential for immigrants is constrained due to restrictions in industries that factor prominently into Maryland's economic growth and performance, including healthcare, federal government, and STEM occupations.

This creates a risk for brain waste – the lack of recognition of the skills and qualifications acquired by an immigrant prevents them from fully using their potential. Individuals have credentials and experiences from outside of the United States, yet they do not have the opportunity to apply that knowledge and skill when they move here. Immigrants also often taking on lower-paying lower-skilled work, which creates inefficiencies in our economy.

There is a significant "earnings premium" attached to naturalization, controlling for many characteristics that predict wages; naturalization is correlated with an 8% to 11% increase in wages, which benefits workers and their families as well as our state revenues.