Cities for Citizenship

The Cities for Citizenship Initiative (C4C) is a collaboration co-chaired by Mayor Rahm Emanuel of Chicago, Mayor Eric Garcetti of Los Angeles, and Mayor Bill de Blasio of New York. The initiative is made possible with generous funding from Citi Community Development, and national campaign support is provided by the National Partnership for New Americans and the Center for Popular Democracy. Launched in September 2014, C4C will promote a large-scale naturalization campaign over the next 5 years, assisting legal permanent resident immigrants who want to go through the challenging process of becoming U.S. citizens. C4C will help mayors and municipal governments initiate and enhance citizenship programs in their cities.

AUTHORS

The Center for Popular Democracy promotes equity, opportunity, and a dynamic democracy in partnership with base-building organizations, organizing networks and alliances, and progressive unions across the country. CPD builds the strength and capacity of democratic organizations to envision and advance a pro-worker, pro-immigrant, racial and economic justice agenda.

The USC Center for the Study of Immigrant Integration combines data analysis, academic scholarship, and civic engagement to support improved economic mobility for, enhanced civic participation by, and receiving society openness to immigrants.

The National Partnership for New Americans (NPNA) is a national multietnic, multiracial partnership of 20 immigrant state-wide organizations, and is the leading immigrant voice for immigrant integration in the U.S.A. NPNA harnesses its collective power and resources to mobilize millions of immigrants to become active and engaged citizens, working for a stronger and more inclusive democracy and vibrant nation for all. Over the past two years NPNA and its members have assisted over 30,000 immigrants to apply for U.S. citizenship, and has organized a national campaign petitioning for the reduction in the naturalization fee so that working-poor immigrants can naturalize.
Citizenship
A Wise Investment for Cities

EXECUTIVE SUMMARY

Metropolitan areas derive much of their vitality from their large immigrant populations. When immigrants become citizens, they make a deeper investment in their communities, leading to civic, economic and social benefits for all.

Local governments have recognized that investing in helping immigrants naturalize is money well spent. Recent research shows that naturalized immigrants achieve an increase in earnings of 8-11%, nationally, with multiplier effects stimulating the local economy.1 Yet roughly one-third of immigrants eligible to naturalize fail to do so because of various obstacles, such as the high cost, lack of English proficiency, and lack of knowledge about the naturalization process.2

Although Congress has failed to take comprehensive action on immigration reform, cities can take bold action to integrate more immigrants into their communities. By increasing the number of immigrants who naturalize, cities can benefit their local economies and our entire country.

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This report represents the first stage in what will be an ongoing research effort by C4C to analyze the social and economic benefits of increased naturalization to immigrant families and local economies. Our initial assessment examines the economic benefits of naturalization for Chicago, Los Angeles, and New York, with the understanding that similar benefits are achievable in other metropolitan areas. We conclude that:

- The increase in earnings of immigrants who otherwise would not have naturalized† is estimated to add between $1.8 and $4.1 billion over ten years to the local economy in the city of New York, between $1.6 and $2.8 billion in Los Angeles, and between $1.0 and $1.6 billion in Chicago.

- Taking into account a modest multiplier effect, these increased earnings will lead to additional economic activity—or GDP—over ten years of between $2.2 and $4.8 billion in the city of New York, $1.9 to $3.3 billion in Los Angeles, and between $1.2 and $1.8 billion in Chicago.

† We assume that active, effective municipal programs to increase rates of naturalization can succeed in naturalizing half the cities’ population of eligible legal permanent residents.
The increased income would generate additional local and state tax revenues over ten years (sales, property, and income) of between $270 and $600 million in the city of New York, between $180 and $320 million in Los Angeles, and between $100 and $170 million in Chicago.

Immigrants with disabilities who do not have a five-year work history in the U.S. would become eligible for SSI upon naturalization, bringing more federal dollars into the local economy to support benefits programs.

Helping immigrants to naturalize is an investment that pays off. For the relatively low cost of promoting naturalization, local communities grow the local economy, increase tax revenue, and relieve local assistance programs. The result is stronger communities with members who have made a permanent commitment to stay and who are able to participate more fully in our democracy, through their new right to vote, improved economic condition, and other protections or perceived protections.

THE ECONOMIC BENEFITS OF NATURALIZATION

Naturalized immigrants experience a dramatic increase in income

Many researchers have found that naturalized immigrants have higher incomes than non-U.S. citizen immigrants. Many factors contribute to this effect. Our methodology here and the methodology in Citizen Gain, an earlier national study by the Center for the Study of Immigrant Integration, control for these various factors that affect earnings including gender, race/ethnicity, household composition, educational attainment, potential work experience, and industry and occupation; and for more immigrant-specific factors, such as English-speaking ability, recency of arrival in the United States, country of origin, and the immigrant/citizenship status of one’s spouse. The studies then compare the income of naturalized immigrants and non-U.S. citizen immigrants who had the same characteristics, isolating the effects of naturalization on earnings.

Naturalization increases earnings by 8%, nationally, with controls for industry and occupation. As naturalization often allows immigrants to change their industry and occupation, it is
not certain that these controls give proper insight into the citizenship premium on earnings. Without the controls for industry and occupation, the increase was 11%.⁶

The figure below shows gains in immigrant earnings, annually, associated with naturalization for each city, with average dollar value per worker in parenthesis. The gains to citizenship are largest in the city of Los Angeles, and smallest in New York, with Chicago in the middle. The difference between lower and upper-bound estimates is largest in New York, indicating that citizenship is more closely linked with access to a different mix of industries and occupations in that city than in the others.

Figure 1: Increase in annual earnings per immigrant from naturalization

<table>
<thead>
<tr>
<th>City</th>
<th>Lower Bound</th>
<th>Upper Bound</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>($1,975)</td>
<td>($3,265)</td>
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<tr>
<td></td>
<td>6.1%</td>
<td>10.1%</td>
</tr>
<tr>
<td>New York City</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>($2,767)</td>
<td>($3,659)</td>
</tr>
<tr>
<td></td>
<td>11.1%</td>
<td>14.6%</td>
</tr>
<tr>
<td>Los Angeles City</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>($2,630)</td>
<td>($3,114)</td>
</tr>
<tr>
<td></td>
<td>9.6%</td>
<td>11.4%</td>
</tr>
<tr>
<td>Chicago</td>
<td></td>
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</tbody>
</table>

Increased Immigrant Income Builds the Local Economy

We find the following cumulative economic benefits over ten years:

- The increase in earnings of immigrants who otherwise would not have naturalized is estimated to add between $1.8 and $4.1 billion over ten years to the local economy in the city of New York, between $1.6 and $2.8 billion in Los Angeles, and between $1.0 and $1.6 billion in Chicago.

- Taking into account a modest multiplier effect, these increased earnings equate to additional economic activity—or GDP—over ten years of between $2.2 and $4.8 billion in the city of New York, $1.9 to $3.3 billion in Los Angeles, and between $1.2 and $1.8 billion in Chicago.
The increased income would generate additional local and state tax revenues over ten years (sales, property, and income) of between $270 and $600 million in the city of New York, between $180 and $320 million in Los Angeles, and between $100 and $170 million in Chicago.

Immigrants with disabilities who do not have a five-year work history in the US would become eligible for SSI upon naturalization, bringing more federal dollars into the local economy to support benefits programs.

Table 1: Economic benefits of increased naturalizations under various scenarios

<table>
<thead>
<tr>
<th>Program to halve the eligible-to-naturalize population in:</th>
<th>Increased naturalizations per year (over status quo)</th>
<th>Cumulative increase (in millions) over ten years in:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Earnings</td>
<td>GDP</td>
</tr>
<tr>
<td></td>
<td></td>
<td>LOWER BOUND</td>
<td>UPPER BOUND</td>
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<tr>
<td>New York City</td>
<td></td>
<td>74,749</td>
<td>2,483</td>
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<tr>
<td></td>
<td>5 years</td>
<td>74,749</td>
<td>2,483</td>
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<tr>
<td></td>
<td>7 years</td>
<td>53,392</td>
<td>2,319</td>
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<tr>
<td></td>
<td>10 years</td>
<td>37,375</td>
<td>1,845</td>
</tr>
<tr>
<td>Los Angeles City</td>
<td></td>
<td>38,966</td>
<td>2,139</td>
</tr>
<tr>
<td></td>
<td>5 years</td>
<td>38,966</td>
<td>2,139</td>
</tr>
<tr>
<td></td>
<td>7 years</td>
<td>27,833</td>
<td>1,997</td>
</tr>
<tr>
<td></td>
<td>10 years</td>
<td>19,483</td>
<td>1,589</td>
</tr>
<tr>
<td>Chicago</td>
<td></td>
<td>26,405</td>
<td>1,327</td>
</tr>
<tr>
<td></td>
<td>5 years</td>
<td>26,405</td>
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<td>18,861</td>
<td>1,239</td>
</tr>
<tr>
<td></td>
<td>10 years</td>
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<td>986</td>
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</table>

GROWING STRONGER COMMUNITIES

Cities for Citizenship (C4C) helps cities remove financial and logistical obstacles to naturalization, helping their residents to become new Americans. The program builds on the experiences of work already underway in Chicago, Los Angeles, and New York, driven by the active engagement of those cities’ mayors.
Why do immigrants need help with naturalization?

Clearly, naturalization benefits immigrants: it provides full civil and political rights, protects against deportation, eases travel abroad, and provides full access to government jobs and assistance. Yet many immigrants who are eligible to naturalize fail to do so. Of the almost 1.1 million lawful permanent residents who become eligible every year (five years after entry), only about 700,000 file for naturalization in any given year. Thus, a pool of potentially eligible immigrants is building up, now estimated at almost 8 million.

It turns out that the cost and complexity of the naturalization process deters eligible immigrants from applying, especially those with low incomes. A Pew Hispanic Center survey of Latino immigrants found that 26% did not naturalize because of personal barriers. Administrative barriers stopped another 18% of immigrants who chose not to naturalize. Members of this group overwhelmingly cited the high cost of naturalization as a key barrier. The cost of applying for citizenship has risen from $225 in 2000 to $680 in 2008 (the naturalization fee of $595 and a biometrics fee of $85 combined). The impending fee increase triggered an avalanche of applications in 2007 and a subsequent decline in 2008. The rate of naturalization has proven to be sensitive to price. Another fee increase is expected soon. The significantly lower cost of renewing a green card for ten years ($450) sets up an incentive to continue to defer naturalization.

There are other costs attached to naturalization. Preparing for the English and Civics tests requires time and money. Immigrants may also need assistance with preparing the paperwork. Legal issues may complicate an applicant’s determination of eligibility. All of these costs end up being prohibitive for low-income immigrants, who constitute approximately 52% of those eligible to naturalize.

Why should local communities help immigrants with naturalization?

Naturalization benefits local communities. Naturalization raises the earning potential of new citizens; much of the new earnings flow into local economies. Local tax revenues increase and local assistance programs are relieved. Naturalization initiatives connect immigrants to other city services and programs, fostering overall integration and creating an atmosphere of welcome and inclusion.

What can cities do?

In many cities, the infrastructure already exists to do the outreach and to provide the services necessary to increase rates of naturalization.

- Community-based organizations run by and for immigrants already offer assistance with naturalization in many cities, and—with the necessary funding—would be able to scale up to meet increased demand.
Existing city institutions, including schools, libraries and community centers, can partner with non-profit organizations to conduct outreach and run workshops.

Naturalization could be linked to other important programs such as financial literacy, job training, and voter registration.

In this way, cities can remove financial and logistical obstacles to naturalization, helping their residents to become new Americans. In addition, cities can engage in outreach through local and grassroots media. They can fund free legal screening and application processing as is already happening in New York City. They can increase English and citizenship test preparation services. It is even possible to offer a microloan program to assist with the large application fee for naturalization. A pilot program in Maryland between Casa De Maryland and Citibank yielded a 100% repayment rate of the loans.

By publicly encouraging eligible residents to apply for U.S. citizenship and by committing financial support to community-based organizations that run naturalization workshops, mayors and municipal legislators can send a message of welcome and political inclusion to immigrant constituents.

CONCLUSIONS AND RECOMMENDATIONS

This study shows how the Cities for Citizenship Initiative will benefit local economies throughout the country.

When immigrants naturalize they make a permanent commitment to the community they live in. They more fully participate in democratic life. The result is stronger communities yielding benefits to all inside: employers, local government, and all residents.

When communities invest in naturalizing immigrants, they signal that this commitment is welcome. We urge local elected officials to support the Cities for Citizenship Initiative and seek funding for it.

Education and outreach would be a necessary component of any program, but the specific activities can be tailored to the locality. In localities with few legal services, the program could provide legal assistance with the naturalization process. Elsewhere, the need for English classes may be more pronounced. In areas with many low-income immigrants, a microloan program to advance the steep naturalization fee could be appropriate.

Efforts are underway to lower the fee for naturalization, but progress at the federal level is slow. It is incumbent on local governments to take the initiative in matters of immigrant integration where the federal government fails to act. Local governments know the benefits immigrants bring to their communities. The Cities for Citizenship Initiative will further increase these benefits and build stronger communities embodying the American commitment to a fully participatory democracy.
APPENDIX: METHODOLOGICAL NOTES

To estimate the potential economic benefits of increased naturalizations for the cities of New York, Los Angeles, and Chicago, we followed the same methodology as found in *Citizen Gain: The Economic Benefits of Naturalization for Immigrants and the Economy*, but with some modifications to allow for a city-level analysis and to expand the analysis to include estimated gains in GDP and local and state tax revenues. All reported estimates stem from a series of multivariate regressions, in which the same model described Citizen Gain was estimated using city-specific data. The reader can refer to the previous report for more specifics about the regression model and other technical issues; here we focus on what is different in terms of the data and analysis used to generate the estimates included in this report.

As mentioned above, the key data point underlying all of our analysis was the city-specific lower- and upper-bound regression estimate of the gain in annual earnings associated with immigrant naturalization (reported in Figure 1). The underlying data used in making these estimates was the Integrated Public Use Microdata Series (IPUMS) 2012 American Community Survey. Given that the 2012 IPUMS ACS file does not currently include any city-level geographic information, we identified respondents from our three cities of interest by relying upon a geographic crosswalk between 2010 city and 2012 Public Use Microdata Area (PUMA) boundaries made available by the Missouri Census Data Center’s MABLE/Geocorr12: Geographic Correspondence Engine. For the most part, cities are composed of whole PUMAs. However, in the case of Chicago and Los Angeles, there are a few 2012 PUMAs that are not entirely contained within the city boundaries, and so for these PUMAs, we used the MABLE/Geocorr12 estimate of the share of the PUMA’s 2010 population falling inside the city to adjust the survey weights respondents residing in those PUMAs proportionally in making all of our city-level estimates.

The second most important data point for our analysis was the number of Legal Permanent Residents (LPRs) that are eligible to naturalize in each city. To make these estimates, we relied on the most recent state-level figures (for January 1, 2012) from Nancy Rytina of the Office of Immigration Statistics (OIS), and estimated the number in each city as being proportional to each city’s share of all non-citizen immigrants as determined by the 2012 IPUMS ACS. We checked our estimates by comparing them to those derived using a similar approach from a custom county level dataset, also provided by OIS, on the number of LPRs who attained status between 1985 and 2010, and had not naturalized as of 2010. However, given the slightly older vintage of the county level estimates (2010 rather than 2012), and other issues with the data, we chose to base our analysis on figures derived from the more recent OIS state-level estimates. Our estimates suggest that there are about 750,000 LPRs who are eligible to naturalize in New York, 390,000 in Los Angeles, and 130,000 in Chicago.

Given both estimated gains in earnings per worker from naturalization, and the number of eligible-to-naturalize LPRs in each city, we then estimated the cumulative increase in earnings over ten years that would accrue to each city if half of this eligible-to-naturalize population became citizens over five, seven, or ten years—presumably through the assistance of the Cities for Citizenship program. We assumed that only a portion of the newly naturalized would be working adults, and thus our estimates reflect only gains from that population. We further assumed that the stock of the eligible-to-naturalize in each city is relatively stable over time, as is the case for the state-level figures corresponding to each city as reported by a series of OIS reports by Nancy Rytina covering the period from 2002 through 2012. Essentially, this suggests that the number of new LPRs becoming eligible to naturalize each year is similar to the number of new naturalizations each year, and assuming a continuation of this trend, the only way to reduce the stock of the eligible to naturalize in the future is to increase the number of naturalizations each year over the status quo.

In generating our estimates of the cumulative increase in earnings over ten years under the three scenarios of increased naturalizations, we did not apply the reported gains reported in Figure 1 to our estimates of the newly naturalized across the board. Those estimates reflect averages of the citizenship premium across a range of naturalized immigrants—some of whom may have naturalized recently and some who may have done so long ago. The earlier Center for the Study of Immigrant Integration (CSII) national analysis suggests that size of the gain varies with time since naturalization, and follows a trajectory in which there is an initial and significant boost in earnings within two years of naturalizing, followed by a gradual rise. The average levels reported in Figure 1 are expected to be reached over a period of about 10 years, after which earnings increase even further before tapering off and declining after about 20 years. Thus, for our estimates of the cumulative increase in earnings reported in Table 1, we used the trajectory of earning gains over time found in the CSII national analysis, and applied it to the average gains by city reported in Figure 1 to obtain estimates of the lower and upper bound trajectory of increased earnings over time in each city.

Estimates of gains in GDP and local and state tax revenues followed our estimates of the cumulative increase in earnings in each city (and under each scenario of increased naturalizations), by applying simple ratios. To estimate the increase in GDP that would result from increased spending by newly naturalized immigrants, we applied a multiplier of 1.17—an estimate by Mark Zandi, Chief Economist of Moody’s Analytics, of the multiplier.
effect of the Making Work Pay Credit. This multiplier was chosen as the average income of workers that qualify for the tax credit is similar to that estimated for non-citizen immigrants in our regression sample for each city. We should note that this approach leads to far lower estimated GDP gains than approaches used elsewhere, such as those that assume GDP will rise in proportion to gains in average income. To estimate the increase in local and state tax revenues that could be expected in each city, we applied the state-level ratio (corresponding to each city) of state and local tax revenue to total personal income in 2011, as reported by the Tax Policy Institute. While some might worry that this state-wide average ratio may overstate the share of income for the newly naturalized going toward local and state taxes, we suspect that any over-estimate due to potential progressivity of some of these taxes (which varies by state) is more than washed out by the underestimate of base values of average earnings per non-citizen immigrant that were used (see below).

Similar to the CSII national analysis, it should be noted that all of our dollar-value estimates (including the increased earnings in dollar terms per immigrant reported in Figure 1, and all values reported in Table 1) are likely to be underestimates. This is because they all stem from the application of estimated percentage increases from naturalization to base values of average earnings per non-citizen immigrant from our regression sample—a sample that is not exclusively composed of immigrants who are eligible to naturalize. While the estimated percentage gain in earnings is not likely to be biased by this aspect of the regression sample, the same cannot be said for the base values of average earnings to which they are applied. The latter are almost certain to be understated due to the sample’s inclusion of the unauthorized as well as those who are authorized, but not eligible to naturalize, as both of these groups tend to have lower earnings than the eligible-to-naturalize.

REFERENCES

We wish to acknowledge Justin Scoggins, Mariana de Santibanés, Ursula Levelt, and Connie Razza for their work on this paper.


3 See Pastor and Scoggins for a discussion of the literature, p. 2; see also Sumption and Flamm.

4 Using recent data from the 2012 American Community Survey, we used data specific to each city to estimate the same regression models, and generate estimated gains in earnings, Gross Domestic Product (GDP), and local and state tax revenues that would result. As in the Citizen Gain national CSII analysis, we used both a lower and upper bound of the increase in earnings (based on the inclusion and exclusion of industry and occupation controls in the model, respectively), and under the same three scenarios of a program to halve the number of immigrants who are eligible to naturalize: one in which that goal is reached in five years, one in which it is reached in seven years, and one in which it is reached in ten years. For the purposes of this report, we assumed these increased naturalizations to be attributable to the Cities for Citizenship program.

5 The ACS data do not collect data on immigration status other than U.S. citizenship. This means that the pool of non-US citizen immigrants includes undocumented immigrants and lawfully present immigrants who are (not yet) eligible to naturalize. To account for the five-year residency requirement for citizenship, all immigrants who arrived since 2005 were excluded from the sample. The researchers also performed a check on their data by looking at their California data in particular. For this state, information about undocumented immigrants is available which made it possible to perform a regression analysis excluding unauthorized immigrants from the non-U.S. citizen immigrants. The results showed a negligible effect on the earned income return of naturalization.

6 Interestingly, the income effects were higher for women than for men (7-9% for men, 9-13% for women) and higher for Latinos than the overall sample (15-20% for Latinos as opposed to 8-11% for all naturalized immigrants).

7 Gonzalez-Barrera et al.
8 Pastor and Scoggins.


11 Sumption and Flamm.


17 Pastor and Scoggins.

18 The detailed national regression results can be found in Pastor and Scoggins, page 24. To save space, the city-specific regression results used for current analysis are not reported here, but are available upon request.


22 The county level data can be accessed here: http://robparal.com/NatzEligible/Naturalize.html.


