

The Economic Contributions of Immigrants in the Twin Cities Region

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The Met Council's mission is to foster efficient and economic growth for a prosperous metropolitan region.

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The Metropolitan Council is the regional planning organization for the seven-county Twin Cities area. The Met Council operates the regional bus and rail system, collects and treats wastewater, coordinates regional water resources, plans and helps fund regional parks, and administers federal funds that provide housing opportunities for low- and moderate-income individuals and families. The 17-member Council board is appointed by and serves at the pleasure of the governor.

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Introduction

This research emerged in the context of Operation Metro Surge and growing concern about its impacts on immigrant families, workers, and businesses across the Twin Cities region. It also comes at a time when the region is confronting major demographic and economic changes that are reshaping its future workforce, population growth, and economic competitiveness. This work provides a grounded picture of how immigrant communities fit within those broader regional trends and the role immigration is playing in the region's future.

The Metropolitan Council's next regional development guide, *Imagine 2050*, identifies fostering a dynamic and resilient region as one of its five primary goals. The findings in this report suggest immigrant communities are already playing an important role in supporting the workforce and economic conditions needed to advance that goal.

The report examines how immigrant communities contribute to population and workforce growth, employment, entrepreneurship, tax revenues, and economic output. The findings point to a region that is reliant on immigration to maintain both population and economic growth. As the Twin Cities population

ages and natural population growth slows, immigrant workers, and families are playing a growing role in supporting the labor force, filling workforce shortages across industries, starting businesses, and sustaining local demand for goods and services.

Immigrant communities are not operating at the margins of the regional economy; they are deeply woven into its workforce, businesses, neighborhoods, and long-term growth.

The analysis also highlights how broadly immigrant workers are integrated across the regional economy. Immigrants are working in health care, manufacturing, retail, transportation, construction, education, technology, and many other sectors. In some cases, they are filling jobs employers are struggling to staff. In others, they are contributing specialized skills in high-demand fields. The research also finds that immigrant communities



contribute significantly to regional economic output and tax revenues, supporting public services and economic activity across the region.

The goal of this work is not to reduce immigrant communities to economic outputs or labor force statistics. The Council is conducting additional qualitative research interviewing dozens of small business owners across the region to identify the ways that small businesses, particularly immigrant-owned, contribute to the region's health, social capital, equitable development, and resiliency.

The analyses in this chartbook provide a clear understanding of the role immigrant communities already play in the region and the extent to which the region's economic future is increasingly tied to immigration.

POPULATION GROWTH

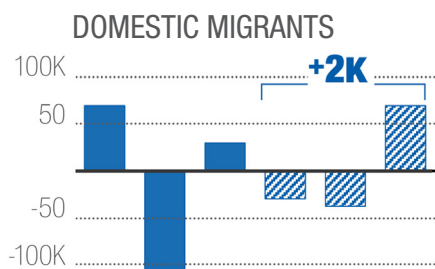
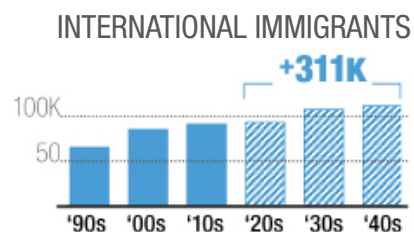
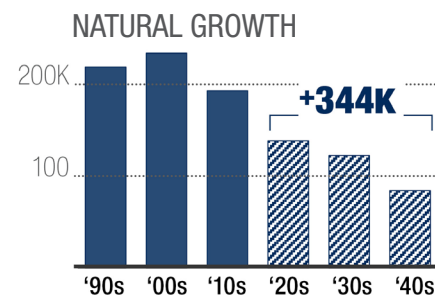
Future population growth in the region will increasingly depend on international immigration.

The region's future growth will increasingly depend on international immigration. For decades, population gains were mainly fueled by natural growth — births outpacing deaths — but that engine is slowing as the population ages. In the years ahead, natural growth will play a smaller role in shaping the region's future. Put simply, international immigration is becoming the region's demographic lifeline.

International immigration has already been the region's second-largest source of population growth this century, and its importance is set to rise steadily in the decades ahead. Our forecasts show the region's population will continue to decline until around 2040, reversing course only when international immigration contributes more to growth than natural growth. In other words, without immigration, the region would keep shrinking.

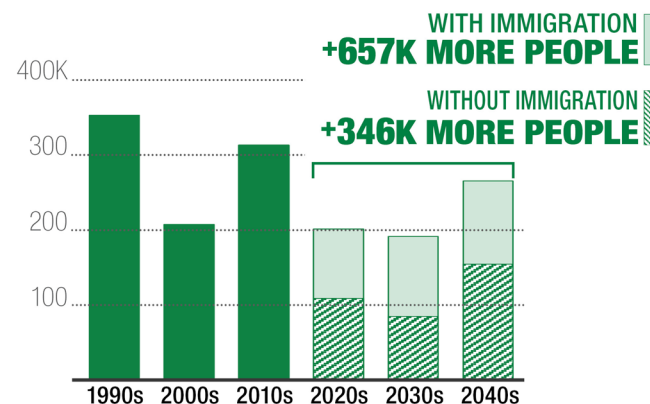
Figure 1: Net Population Change by Decade, 1990 - 2050

As the region's population ages, we will see less natural growth.



In the charts above, solid bars (■) represent actual and patterned bars (▨) represent forecasted data modeled by Metropolitan Council.

International immigration is projected to account for 47% of the region's population growth through 2050.



Source: Metropolitan Council's regional forecast to 2050 (April 2023). Visit <https://metro council.org/forecasts> for most current regional and local forecasts to 2050.

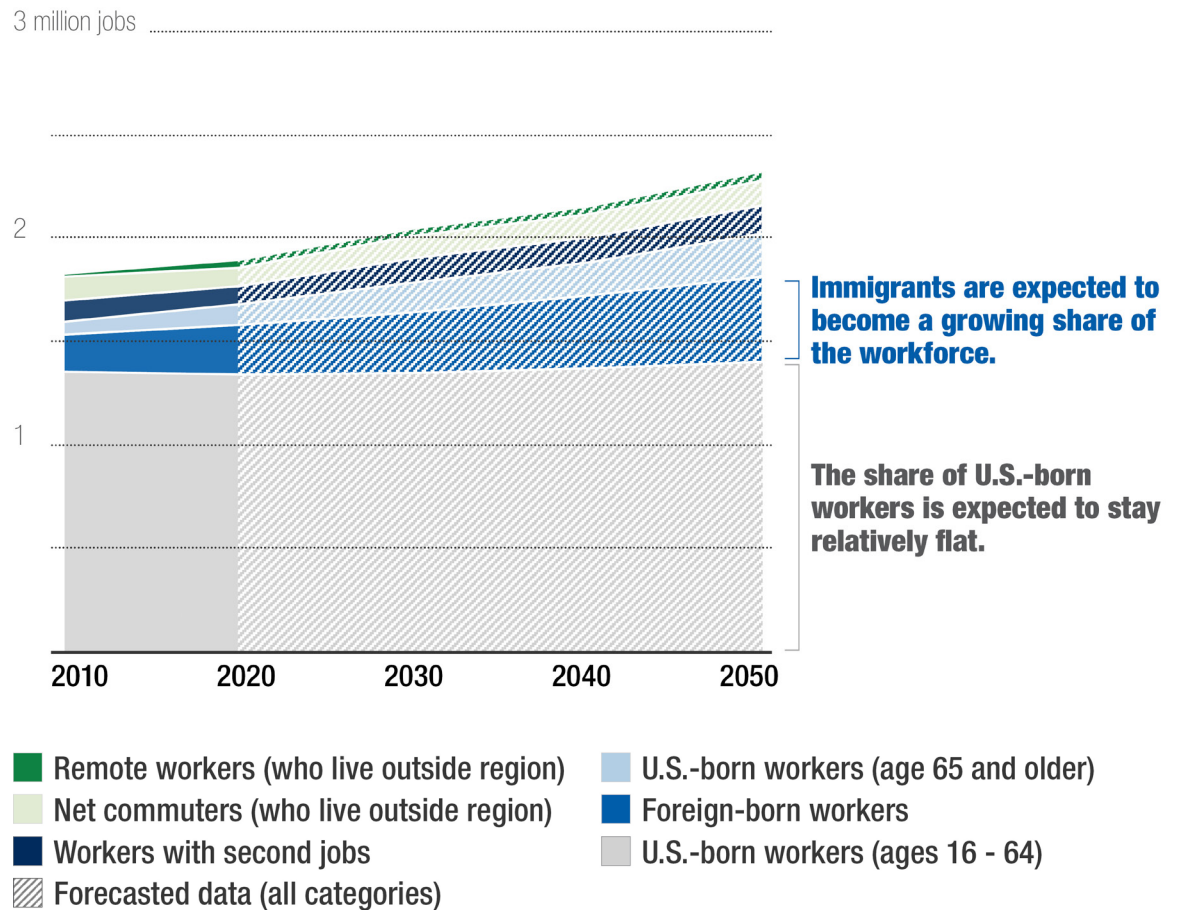
WORKFORCE GROWTH

The region's economic growth will stall without international immigrants entering the workforce.

Our region's economic growth will stall without foreign-born workers entering our workforce. The share of U.S.-born workers is expected to remain relatively flat in the coming decades, making it difficult to keep pace with rising labor shortages as the population ages. Employers across industries are already struggling to fill open positions, and that pressure is expected to intensify.

Foreign-born workers are projected to make up an increasingly large share of the workforce and will play a central role in sustaining economic growth. In many sectors, they will provide the human capital businesses need to expand, innovate, and remain competitive. In effect, immigration is becoming an economic necessity, not just a demographic trend.

Figure 2: Regional Workforce Characteristics, 2010-2050



Source: Metropolitan Council's Population and Employment Forecasts (2023)

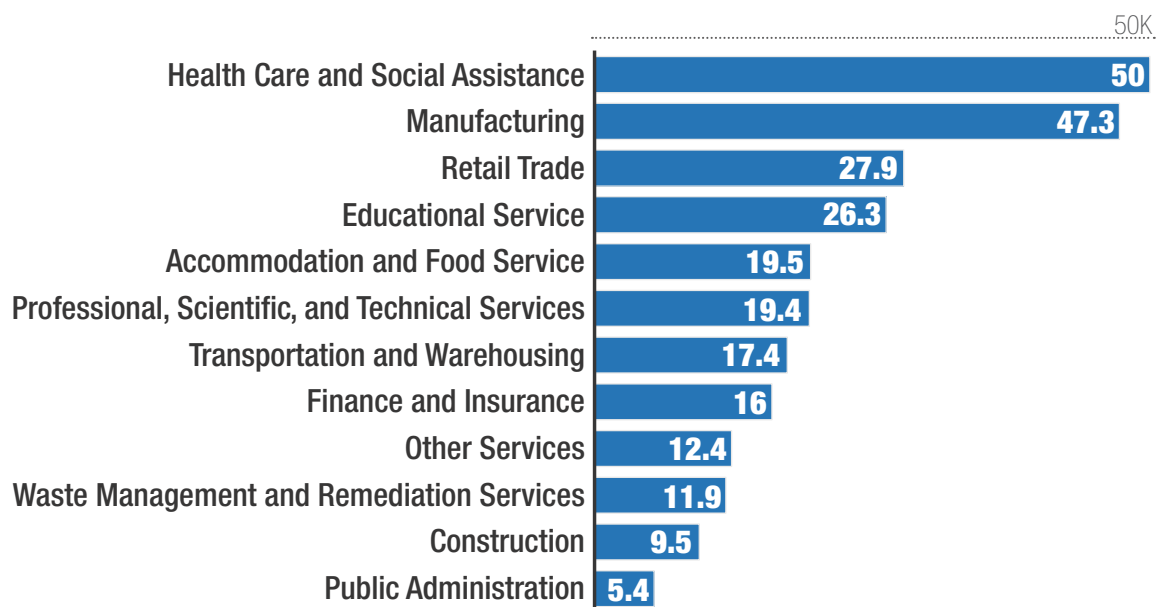
IMMIGRANTS ACROSS INDUSTRIES

Immigrant labor is an integral part of the workforce in all industries.

Immigrant workers are woven into nearly every part of the region's economy. Today, about one in six workers in the region is foreign-born, helping businesses and essential services operate every day. More than half of the region's 277,000 immigrant workers are employed in just four sectors: Health Care and Social Assistance, Manufacturing, Retail Trade, and Educational Services. Yet, foreign-born employees fill jobs across the economic spectrum.

Immigrant workers hold jobs ranging from entry-level service work to highly skilled professional roles. Some fill essential jobs that rely more on hands-on skills than formal education in industries such as Accommodation and Food Services as well as Transportation and Warehousing. Others hold highly skilled positions that require advanced educational credentials in fields like Professional, Scientific, and Technical Services, as well as Finance and Insurance.

Figure 3: Foreign-Born Workers Employed in the Region's Largest Industries, 2024



Source: U.S. Census Bureau, American Community Survey, Public Use Microdata Sample (1-Year), 2024.

IMMIGRANTS ACROSS OCCUPATIONS

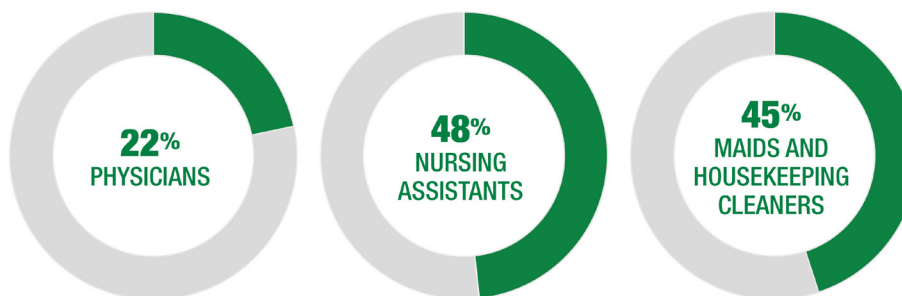
Immigrant workers support the regional economy by doing essential, everyday work.

Immigrant workers support the regional economy by doing essential, everyday work that keeps communities and businesses functioning smoothly. They provide care for both children and older adults, helping families balance work and caregiving responsibilities and enabling more people to stay in the workforce. Without these supports, many employees would struggle to remain in their jobs or work full-time.

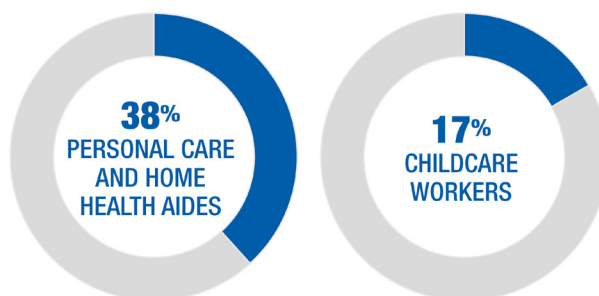
At the same time, immigrant workers are present across the full range of the economy. They deliver core services as physicians, nurses, home health aides, cleaners, and construction workers who build and maintain essential infrastructure. They also contribute to innovation and long-term growth in high-skill roles, working as programmers, engineers, and data scientists. From hospitals and homes to offices and job sites, immigrant workers play a vital role in both sustaining daily life and driving economic progress.

Figure 4: Share of Foreign-Born Workers within Occupations

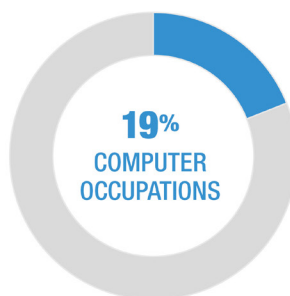
Immigrants **provide core services** as physicians, nurses, and cleaners.



Immigrants **enable workers to participate in the workforce by providing care for their dependents—older adults and children.**



Immigrants **contribute to innovation and growth in high-tech computer occupations.**



Source: U.S. Census Bureau, American Community Survey, Public Use Microdata Sample (5-Year), 2020-2024.

ENTREPRENEURS

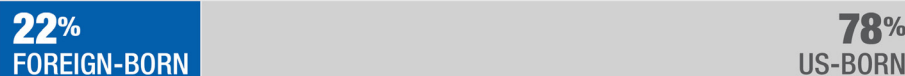
Immigrants contribute to the regional economy as entrepreneurs.

Immigrant entrepreneurs make important contributions to the region's economy through business ownership and job creation. Their businesses strengthen the regional economy and represent a significant part of the entrepreneurial ecosystem. Immigrants participate in entrepreneurship in a variety of ways, from operating businesses where they are the sole employee to owning firms with paid employees. For many, starting a business is an important pathway to establishing economic stability and building a future in a new country. As immigrant entrepreneurs become more established in their new country, many expand their business activities beyond self-employment. Some grow their ventures into firms that employ others, creating more jobs in the region. Others own and operate multiple businesses, broadening their economic imprint and increasing their broader economic impact within the region. Through their entrepreneurial activities, immigrants add to the growth and resilience of the region's business community.

Figure 5: Business Ownership in the Twin Cities Region, 2023

There were approximately **293,700 nonemployer businesses** in the seven county-region in 2023.

Business ownership (no paid employees)



There were approximately **51,600 employer businesses** in the seven county-region in 2023.

Business ownership (with paid employees)



Sources: (Top) Metropolitan Council staff calculations from U.S. Census Bureau, Nonemployer Statistics by Demographics (NESD) estimates, 2023; (Bottom) U.S. Census Bureau, Annual Business Survey (ABS), Characteristics of Business Owners, 2023.

TAX CONTRIBUTIONS

Immigrants pay taxes, supporting essential public services across the region.

Immigrants contribute substantially to the tax base that supports public services and infrastructure across the region. Through federal and state income taxes, payroll taxes, and local taxes, immigrant workers, families, and businesses help fund schools, transportation systems, public safety, health care, parks, and other services that residents rely on every day.

While tax contributions are only one measure of economic activity, they provide a tangible way to understand how immigrant communities help support the public investments and services that benefit the broader region. The scale of these contributions reflects the extent to which immigrant communities are integrated into the region's economy and public institutions.

Figure 6: Taxes Attributed to the Region's Immigrants (Estimated)

Tax Type	Estimated Tax Contribution (in billions)
Federal Income Tax	\$2.24
Payroll Taxes	\$1.07
Minnesota Income Tax	\$0.87
Sales & Excise Taxes	\$0.50
Property Taxes	\$0.27
TOTAL TAXES	\$4.94 billion

Source: Metropolitan Council Estimates (2026). See Technical Appendix (page 11) for detailed methodology.

ECONOMIC IMPACT

Immigrants are not just part of our community—they help sustain the region's economy.

Immigrants are not only an important part of our community—they are also a major force in the region's economy. As consumers, they drive demand for local goods and services. As entrepreneurs, they start businesses and create jobs. As workers, they strengthen the regional labor force. And as taxpayers, they help fund public services and infrastructure. The region's 408,400 immigrants contribute about \$49.1 billion to the local economy, accounting for nearly 13.70% of the area's total Gross Domestic Product.

Immigrants also help support jobs across the broader economy. Without immigrants, the region would have approximately 335,000 fewer jobs—a decline of about 13.85% of total employment. That figure is even larger than the 277,000 jobs held directly by immigrants, demonstrating that immigrant contributions also help create and sustain many other jobs in local businesses and communities.

Figure 7: Regional Economy in the Absence of Immigrants

WITHOUT THE REGION'S
408,400 IMMIGRANTS



\$49.1 BILLION IN LOST GDP
13.7% of the Twin Cities economy



335,000 FEWER JOBS
13.85% of all jobs in the region

Source: Metropolitan Council analysis of REMI model for Minnesota (2026). See Technical Appendix (page 12) for detailed methodology.

Technical Appendix

Estimating Taxes Attributed to the Region's Immigrants (Figure 6)

The analysis estimates taxes attributable to immigrants living in the seven-county Twin Cities region using American Community Survey (ACS) Public Use Microdata Sample (PUMS) data, federal and state tax modeling, payroll tax calculations, and estimates of sales, excise, and property taxes.

The analysis uses the full ACS person-level roster to construct household-level records. For each household, the script identifies the presence of a spouse, estimates the number of likely dependents based on age and relationship to the householder, and aggregates income reported by all household members. Income sources include wages, self-employment income, interest income, other property income, Social Security income, and Supplemental Security Income. Immigrants are defined as individuals coded in the ACS as foreign-born ($\text{NATIVITY} \neq 1$). The script calculates both total household income and the portion of that income attributable to immigrant household members.

Federal and Minnesota income taxes are estimated using the TAXSIM model

through the `usincome` package in R. Because ACS PUMS does not identify IRS tax filing units, the analysis models taxes at the household level rather than attempting to reconstruct exact tax returns. Households with an identified spouse are treated as married filing jointly, while all other households are treated as single filers. The resulting tax estimates should therefore be interpreted as approximations of household tax liability rather than precise recreations of individual tax returns.

Payroll taxes are estimated separately from income taxes. Payroll tax calculations are performed at the individual level so that the Social Security wage cap is applied separately to each worker before being aggregated to the household level. The analysis includes only the employee share of payroll taxes.

Sales, excise, and property taxes are estimated using effective tax rates published by the Institute on Taxation and Economic Policy (ITEP) for Minnesota households at different income levels. Each household is assigned the appropriate effective tax rate based on reported household income, and estimated sales, excise, and property tax

payments are calculated accordingly.

The final step is attributing taxes to immigrants. Rather than assigning all taxes paid by a household to immigrants whenever an immigrant is present, the analysis uses proportional attribution. For each household, the share of total household income generated by immigrant household members is calculated. That same share is then applied to the household's estimated federal income taxes, payroll taxes, Minnesota income taxes, sales taxes, and property taxes. For example, if immigrant household members generate 60 percent of a household's income, 60 percent of the household's estimated taxes are attributed to immigrants. This approach avoids overstating immigrant tax contributions in mixed households while also avoiding the undercount that would occur if only immigrant householders were included.

R code for this analysis with detailed technical notes available upon request.

(Technical Appendix continues on page 12.)

Regional Economy in the Absence of Immigrants (Figure 7)

This analysis is intended to estimate the current contribution of immigrants to the regional economy. It should not be interpreted as a forecast of future immigration policy or the effects of any specific enforcement action. Rather, it estimates the amount of economic activity associated with the region's current foreign-born population.

The Metropolitan Council uses the REMI PI regional economic model to estimate the economic impacts of changes to population, employment, investment, and other economic conditions. The REMI model captures relationships among households, businesses, labor markets, government, and trade. Economic impacts are estimated by comparing a baseline scenario to an alternative scenario. The difference between the two scenarios represents the estimated economic impact of the changes introduced by the user. REMI estimates impacts across a range of economic indicators, including gross domestic product (GDP), employment, personal income, population, labor force, and industry output.

To estimate the economic contributions of immigrants to the region, a counterfactual

scenario was developed in which the region's foreign-born population and the jobs held by foreign-born workers were removed from the regional economy. Comparing this counterfactual to the baseline scenario provides an estimate of the economic activity currently supported by immigrants.

The analysis removes approximately 408,400 foreign-born residents and 277,400 jobs held by foreign-born workers. Employment reductions are allocated across industries based on the observed distribution of foreign-born workers in the 2024 American Community Survey Public Use Microdata Sample (ACS PUMS).

Both population and employment are adjusted in the model. Reducing population alone would allow the model to attract replacement workers through migration, partially offsetting the effects of removing immigrants. By simultaneously removing both the foreign-born population and the jobs they hold, the model estimates the economic contribution of the existing immigrant workforce under current regional conditions.

The direct effect of the scenario is the removal of approximately 277,400 jobs held by foreign-born workers. The model then estimates the additional indirect and

induced effects that occur throughout the regional economy.

Indirect effects capture reduced demand for suppliers and other businesses that support industries employing immigrant workers. Induced effects reflect reduced household spending resulting from lower employment and income. Together, these ripple effects extend beyond the workers and businesses directly affected.

Under this scenario, total regional employment declines by approximately 335,000 jobs in the first year, including the direct loss of 277,400 immigrant-held jobs and an additional 57,600 jobs resulting from indirect and induced effects. Regional real GDP declines by approximately \$49.1 billion, or about 14% of the regional economy.

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