



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Memorandum

This is not a legal opinion.

January 20, 2025

TO: Interested Persons

FROM: Brendan Fung, Fiscal Analyst, 303-866-4781
Emily Dohrman, Senior Economist, 303-866-3687

SUBJECT: The Impact of Immigrants on State and Local Government Resources

Overview

Immigration is one of the defining policy domains in American legislation and presents complex challenges for policymakers. In Colorado, shifting immigration trends present both newfound opportunities and obstacles that the General Assembly addresses in collaboration with federal, state, and local agencies, among others. The changing landscape of immigration has wide-ranging impacts on the state's economy and labor market, as well as its health care and education systems. This memorandum provides an overview on the federal immigration system, Colorado's role in immigration, and patterns of immigration in the state and nationally. It then discusses the impact of immigration on different sectors of the economy and state government programs and services, and highlights recent state legislation to address these issues.

Federal Immigration System

Immigration into the United States broadly encompasses the movement of people from an outside country into the U.S. with the intent of staying or living in the country. The U.S. federal government's immigration policies focus on family reunification, employment, humanitarian protections, and diversity as established in the [Immigration and Nationality Act](#) (INA). Specifically, the INA caps the number of immigrant visas permitted each year, allows unlimited family reunifications, requires annual quota-setting for refugees, and permits temporary protection for undocumented immigrants.



While 77 percent of immigrants live in the U.S. legally, the remaining quarter either entered without legal permission or stayed beyond the expiration of a nonpermanent visa.¹ Nevertheless, many undocumented immigrants are protected from deportation through federal designations and programs such as Temporary Protection Status (TPS), the Deferred Action for Childhood Arrivals program (DACA), asylum seekers, and victims of criminal activities. Upon receiving a visa or protection status, immigrants can apply for permanent residency (Green Cards), and after five years, U.S. citizenship.

Colorado Immigration System

Colorado, like all U.S. states, defaults to federal immigration laws and systems. All newly arrived immigrants must enter through authorized ports of entry and register with U.S. Customs and Border Protection. Individuals and families are screened, processed, and either detained or released while their immigration cases proceed. A federal immigration court judge then determines whether a new immigrant may stay or be removed.

However, states have the authority to limit their participation in federal immigration enforcement under the U.S. Constitution's Tenth Amendment anti-commandeering principle – a doctrine upheld by the U.S. Supreme Court in several landmark cases.² Given limited federal resources for enforcement, differences in state participation thus create unique systems and situations for immigrants depending on where they are located. In Colorado, policies that designate geographic sanctuary status, permit access to public benefits, simplify obtaining identification cards, and financially support new immigrants are among many that the state has enacted through legislation.

Federal and State Immigration Patterns

As of 2023, approximately 46.1 million foreign-born immigrants lived in the United States, making up nearly 14 percent of the national population, and representing a 15.6 percent increase in the past decade.³ A majority of immigrants reside in California (23 percent), Texas (11 percent), Florida (10 percent), and New York (10 percent), while the largest shares of the U.S. immigrant population arrived from Mexico (23 percent), India (6 percent), and China (5 percent).⁴

¹ [Pew Research, What the Data Says About Immigrants in the U.S. \(2024\)](#)

² *New York v. United States*, 505 U.S. 144 (1992)

³ [U.S. Census Bureau, Report on the Nation's Foreign-Born Population \(2024\)](#)

⁴ [Pew Research, What the Data Says About Immigrants in the U.S. \(2024\)](#)



About 558,000 foreign-born immigrants lived in Colorado in 2022, making up 9.5 percent of the state population and representing a 12.2 percent increase in the past decade.⁵ Compared to other states, Colorado has the 19th highest share of immigrants and a lower average immigrant share than the population-weighted national average. Of the state's immigrant population, an estimated 45 percent are naturalized citizens and 27 percent are undocumented. The primary countries of origin are Mexico (40 percent), India (5 percent), and China (3 percent).⁶

Between 2022 and 2024, the city of Denver experienced a surge of 42,000 new immigrant arrivals. Half of these individuals are estimated to have since moved on to other cities or states.⁷

Impact on State Economy

According to data from the American Community Survey, the average immigrant in Colorado is less educated, more likely to be working age, more likely to be employed, and generates less income compared to their native-born counterpart. Specifically, about two-thirds of Colorado's immigrants are in the prime-working age population (between 25 and 54 years old), compared to just two-fifths of the native-born population. Subsequently, the percent of immigrants who are employed outweighs that of their native-born counterparts (68 percent and 64 percent, respectively). Overall, the combined share of authorized and undocumented immigrants in the labor force is disproportionately higher than that of the native-born population in the same sectors.

Authorized Employment

Legal employment for Colorado's adult immigrant community is granted through various pathways, including Employment Authorization Documents, work visas, Green Cards, naturalization, and other designated statuses. Immigrant workers with authorization make up 11.4 percent of Colorado's workforce, primarily in the construction, transportation and warehousing, manufacturing, professional services, and health care industries.⁸ In 2021, the Colorado General Assembly passed [Senate Bill 21-077](#) and [Senate Bill 21-199](#), which eliminated requirements for various entities to verify an individual's lawful presence for professional licenses, public works contracts, and local business licenses. As of 2022, foreign-born immigrants

⁵ [U.S. Census Bureau, The Foreign-Born Population in the United States](#) (2022)

⁶ [Office of New Americans, Annual Report](#) (2023)

⁷ [City and County of Denver, Newcomer and Migrant Support](#) (2024)

⁸ [American Immigration Council, Immigrants in Colorado](#) (2022)



represent 12.2 percent of Colorado’s entrepreneurs, who generate an estimated \$1.8 billion in business income and employ at least 60,000 workers in the state annually.⁹

Funding Diversions

The influx of immigrants into Colorado between 2022 and 2024 increased costs for local governments and the state, which were redirected, in part, from vacant positions. In Denver, city administrators responded to increased expenditures by cutting roughly 160 open positions across city departments and reallocating \$19.9 million from these vacancies to support immigrant services.¹⁰ Data is not available for the diversion of funds from vacant positions to immigration support on the state level; however, any funding allocated towards one issue is inherently diverted from spending or saving elsewhere in the state budget.

Labor Market

In aggregate, immigrants increase the labor supply by expanding the number of eligible workers in the market and can ease labor shortages by filling open jobs that cannot be staffed with existing workers. However, if labor supply exceeds job openings, then immigration can exacerbate labor issues related to high unemployment and low wage growth.¹¹

Figure 1 below showcases the number of unemployed persons per 100 job openings in Colorado over the past two decades. When the line drops below 100, there are more job openings than unemployed people, signaling a labor shortage. As such, Colorado has been experiencing a labor shortage since June 2021. In 2023, Colorado had 47 available workers for every 100 open positions – lower than the national average. However, the labor shortage has started to resolve throughout 2024, with about 90 available workers for every 100 open positions as of the most recent data. Similarly, Colorado’s unemployment rate sat below the national average in 2023 at 3.2 percent, indicating a need for additional out-of-state workers. This rate, however, has increased to 4.1 percent as of October 2024, indicating that the labor shortage in Colorado is easing.¹²

⁹ [American Immigration Council, New American Fortune 500 \(2022\)](#)

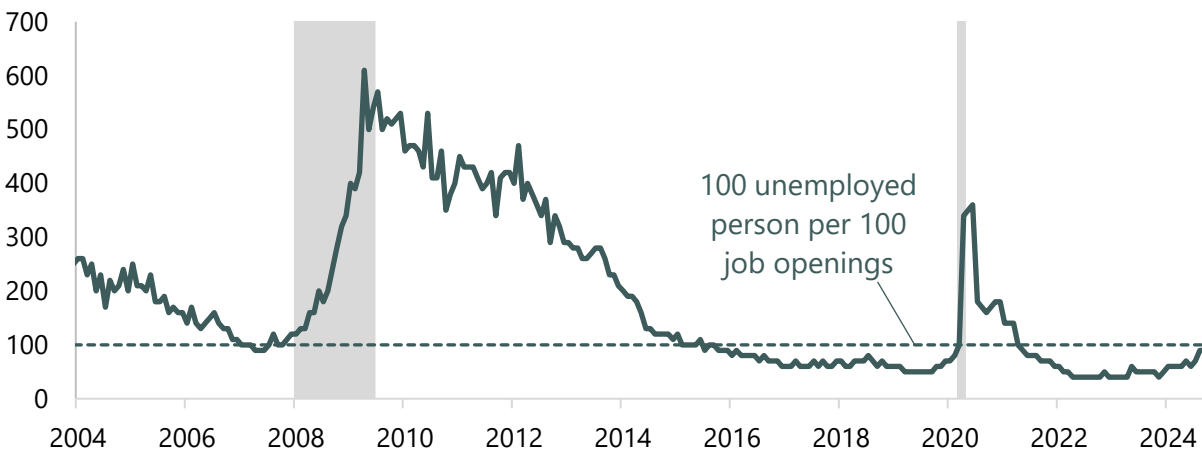
¹⁰ [Denver 9News, Denver to Spend \\$89.9 Million on Services for Migrants \(2024\)](#)

¹¹ [Federal Reserve Bank of San Francisco, Recent Spike in Immigration and Easing Labor Markets \(2024\)](#)

¹² [U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics \(2024\)](#)



Figure 1
Unemployed Persons per 100 Job Openings in Colorado



Source: U.S. Bureau of Labor statistics.

Note: shaded areas represent recessions. A value of 100 indicates that there is one unemployed person for every job opening. A value less than 100 means there are more job openings than unemployed people, and vice versa.

Effect on the U.S. Native-Born Population

The impact of U.S. immigration on wages and employment for the native-born population has been studied robustly in the economic literature. Despite the proliferation of empirical data for national trends, these studies have not yet included an intrastate analysis of Colorado. Therefore, this section summarizes findings that focus on immigration's effect on national wages and employment for the native-born population.

In theory, there are two pivotal ways that immigration affects native-born labor market outcomes, with bidirectional consequences. First, immigrants may act as **substitutes** to native-born workers by crowding out the labor market and those who are competing for the same jobs. As a result, wages and employment for native-born populations decrease. On the other hand, immigrants can act as **complements** to native-born workers by filling different jobs than native-born workers. Immigrants, on average, have less educational attainment and distinct skillsets relative to native-born individuals, which can result in the two populations filling different occupations. For example, immigrants are more likely to be housekeepers, cooks, and



construction laborers than those who are native-born.¹³ An increased immigration labor supply for these occupations may benefit native-born workers who occupy different roles in the same industry (e.g. a restaurant manager may be able to hire more cooks and increase the business' output). In these cases, immigration generates a positive impact on the employment outcomes of native-born workers.

Studies find that these two effects often cancel each other out, and the impact of immigration on native-born employment and wages is typically small or undetectable.¹⁴ Some studies find small, negative effects on native employment outcomes for low-wage, native-born workers¹⁵ while others find small, positive impacts for the native-born population, particularly over a longer time horizon.¹⁶

Impact on State Health Care

Health Care Facilities

New immigrants contribute to ongoing financial challenges for hospitals and statutory safety net health providers in the state. In 2023, UHealth and Denver Health provided over \$27 million in uncompensated care for 48,000 visits by newly arrived immigrants to their facilities and emergency departments. As nonprofit health care systems, these hospitals anticipate uncompensated care from charitable work and gaps in Medicaid or Medicare coverage. However, rising uncollectible debt – partly driven by increased immigration – continues to exacerbate financial pressures for hospital systems.¹⁷ Despite this, uninsured immigrants account for only 4 percent of UHealth's and Denver Health's total uncompensated care, a proportion smaller than their share of the state's total population. These growing financial burdens on hospital systems prompted the Colorado General Assembly to provide \$5 million to Denver Health in both 2023 and 2024, distributed through appropriations to the Department of Health Care Policy and Financing. Due to health care facility policies that do not require patients to disclose immigration status and federal law that protects patient information, further data on the overall immigrant population's impact on state health care is unknown.

¹³ [The Hamilton Project, The Labor Market Impact of Deportations](#) (2024)

¹⁴ Peri, G. (2014). Do immigrant workers depress the wages of native workers?

¹⁵ Peri, G., & Sparber, C. (2009). Task specialization, immigration, and wages. *American Economic Journal. Applied Economics*, 1(3), 135-169. <https://doi.org/10.1257/app.1.3.135>

¹⁶ Gaetano, B. & Peri, G. (2015). The association between immigration and labor market outcomes in the United States. *Institute of Labor Economics (IZA)*.

¹⁷ [The Denver Gazette, UHealth Official: Uncompensated Care for Immigrant Patients 'Unsustainable'](#) (2024)



State Legislation

The General Assembly has also taken steps to address health care access for immigrants. Federal law allows state Medicaid programs to cover medical assistance to certain immigrants during medical emergencies, which Colorado has implemented as [Emergency Medicaid Services](#) (EMS). EMS provides limited emergency medical coverage to individuals who qualify for Medicaid regardless of immigration or citizenship status. In addition to EMS, Colorado has introduced programs that offer comprehensive health insurance to immigrants. The [OmniSalud](#) program, enacted through [Senate Bill 20-215](#), provides low-income undocumented residents and DACA recipients with access to low- and no-cost health insurance plans. In 2023, the state spent \$73 million to cover 11,000 OmniSalud enrollees, paid for using enterprise revenue from fees on health insurance plans and federal funds. This program focuses on preventative care and reducing medical debt and uncompensated care that can increase costs for the health system more broadly, such as increased government spending and higher insurance premiums.¹⁸

A new program set to launch in January 2025, enacted through [House Bill 22-1289](#), will expand full health insurance coverage to low-income pregnant individuals and children who would otherwise be eligible for Health First (Colorado's Medicaid program) or the Child Health Plan Plus (CHP+), but for their immigration status. The state anticipates new program costs of approximately \$1.9 million in FY 2024-25 and \$8 million in FY 2025-26, after accounting for savings from reduced costs for populations that previously used EMS services who are now eligible for government-sponsored coverage.

Impact on State Education

K-12 Education

School districts in Colorado are required to serve all school age children within their districts who enroll, regardless of their immigration status. Of the state's 558,000 foreign-born residents, approximately 32,000 are of K-12 school age.¹⁹ The state and school districts do not track the citizenship or immigration status of students; thus exact numbers on immigrant students in Colorado is not available. Assuming that all immigrant children of K-12 school age are enrolled in schools, about 9,000 may be undocumented based on similar ratios to the overall immigrant population. This enrollment comes at a time when the state's overall public school enrollment

¹⁸ [Presentation from Division of Insurance on Colorado's 1332 Waiver](#) (2023)

¹⁹ [Migration Policy Institute, Colorado Demographics](#) (2022)



has been declining, reaching a decade-low of around 880,000 students in 2023-2024.²⁰ Despite this overall drop in enrollment, the number of immigrant students in public schools has steadily increased in recent years.

Although the share of immigrant students enrolled in Colorado's K-12 public schools is estimated at 3.6 percent or less, these populations still pose unique challenges to the state's education system. Many of these students face language barriers, gaps in formal education, interrupted schooling during migration, and mental or emotional trauma. Various school districts in Colorado already face broad staffing shortages for general education teachers and special service providers. Of those, Culturally and Linguistically Diverse Education (CLDE) Specialists – those primarily responsible and licensed to support English Language Learners (ELL) – face an outsized shortage with roughly two-thirds of available positions left unfilled for the 2023-2024 school year.²¹ Across the board, both general and specialized educators often lack the resources or training to meet the specific needs of immigrant students.

For school funding purposes, immigrant students are counted like all other students in the district. In FY 2024-25, the school funding formula sets the statewide base funding at nearly \$8,500 per pupil. This amount is then adjusted based on the district in which the student is enrolled, with additional funding for the student if they qualify as at-risk or as an English Language Learner. District per pupil amounts are projected to range from about \$10,700 to \$26,000 in FY 2024-25.

Using the statewide average per pupil funding of \$11,448 and the estimated number of immigrant students, about \$366 million of total funding through the school funding formula is generated by the enrollment of immigrant students, including both the state and local share of these costs. Of that amount, an estimated \$103 million is generated by undocumented immigrant students. Funding for immigrant students represents 3.7 percent of the \$9.7 billion statewide total program estimate in FY 2024-25. Actual spending by school districts on immigrant students is determined by the districts and may not align exactly with funding amounts distributed through the formula. Districts do not receive school finance funding for a given school year for students who arrive in the United States after the student count day.

In addition to funding through the School Finance Act, the General Assembly passed [House Bill 24-1389](#) to provide an additional \$24 million in one-time funding in FY 2023-24 to school districts and state charter schools that enrolled new arrival students after the October 2023 count day. This funding can be used by recipient school districts to cover costs for all students.

²⁰ [Colorado Department of Education, School View](#) (2024)

²¹ [Colorado Department of Education, Educator Shortage Survey Results](#) (2024)



Higher Education

Of the 342,000 students enrolled in Colorado’s higher education institutions, approximately 74,000 are either first-generation or second-generation immigrants.²² This population is comprised of authorized and unauthorized immigrants, DACA recipients, refugees, and asylum seekers, and excludes international students. Colorado law permits immigrants of all classification to enroll in public higher education institutions with various opportunities for financial aid and in-state tuition.

In 2018, Colorado enacted [Senate Bill 18-087](#), granting in-state tuition to refugees or individuals with a Special Immigrant Visa (SIV) who establish residence in Colorado. Under the bill, refugees and special immigrants qualify as in-state students immediately upon settling in Colorado. Additionally, [House Bill 19-1196](#) allowed undocumented immigrants to be eligible for financial aid with in-state tuition, if certain requirements are met. [House Bill 22-1155](#) then removed the requirement that an undocumented student be admitted to college within 12 months of graduation, and requires that a student only attend a Colorado high school for at least one year to be eligible for in-state tuition. Eligible undocumented students may receive a combination of state and institutional grants ranging from \$2,400 to \$10,300 per year, dependent on available funding. However, the Colorado Department of Higher Education is required by law and rule to protect the privacy of financial aid applicants and recipients. Therefore, the total amount of financial aid provided to immigrant students is unknown.

Educational Background

In terms of adult education, immigrants in Colorado have diverse educational backgrounds. Over 30 percent of immigrants aged 18 and older hold a bachelor’s degree or higher – lower than both the national average (35 percent) and Colorado’s native-born population (47 percent). Additionally, 25 percent of adult immigrants in the state have less than a high school education, which is equivalent to the national immigrant average, but higher than Colorado’s native born population (5 percent). Lastly, education levels vary widely by an immigrant’s country of origin: 9 percent of Mexico-born, 52 percent of China-born, and 81 percent of India-born immigrants in the state hold a bachelor’s degree or higher.²³

²² [Migration Policy Institute, Immigrant-Origin Students in U.S. Higher Education \(2020\)](#)

²³ [Migration Policy Institute, Frequently Requested Statistics on Immigrants and Immigration in the U.S. \(2024\)](#)



Impact on Other State Resources

Undocumented Drivers Licenses

[Senate Bill 13-251](#) allowed for undocumented residents to receive identification cards and drivers licenses at three locations. This was expanded to 10 locations under [Senate Bill 19-139](#), and [Senate Bill 24-182](#) changed certain requirements for the issuance of these driver licenses or state identification cards. This service is estimated to cost at least \$1.7 million from various cash funds in the Department of Revenue in FY 2024-25, including costs to house, staff, and process applications at the additional locations.²⁴ The total cost of these services is primarily funded through fees paid by applicants.

Office of New Americans

[House Bill 21-1150](#) established the Office of New Americans (ONA) in the Colorado Department of Labor and Employment to serve as the point of contact for immigrant-serving state agencies, private sector organizations, and the public about immigrant issues in Colorado. The office also receives federal funding to coordinate refugee resettlement within the state. ONA had costs of about \$365,000, paid from the General Fund, in FY 2024-25, excluding costs for refugee services (primarily funded by the federal government) and immigration legal defense (discussed separately below).²⁵

The General Assembly also created the Statewide Welcome, Reception, and Integration Grant Program through [House Bill 24-1280](#) to provide grants to community-based organizations that provide culturally and linguistically appropriate navigation of services and programs to migrants who are within one year of arrival in the United States. HB 24-1280 transferred \$2.5 million from the General Fund to the new grant program cash fund in FY 2024-25.

²⁴ This cost estimate is based on the fiscal notes and included appropriations for the relevant legislation.

²⁵ [Department of Labor and Employment operating Budget, FY 2024-25 Long Bill](#)



Legal Counsel

Colorado pays for a public defender for anyone accused of a crime in state court, including undocumented residents. In FY 2024-25, about \$238 million was appropriated to the Office of the State Public Defender and Office of Defense Counsel for indigent criminal defense. State-funded counsel in non-criminal proceedings may also be provided, including through the Office of Respondent Parent Counsel for child welfare cases (\$33.5 million), the Office of Public Guardian for guardianship/conservatorship cases (\$2.4 million), or other court-ordered appointments.²⁶ Data is not available to determine what percent of this funding was spent to provide legal counsel to undocumented residents.

The state has also created an Immigration Legal Defense Fund through [House Bill 21-1194](#) to provide grants to organizations representing indigent individuals in immigration court. As of FY 2024-25, the fund receives an annual appropriation of \$700,000 from the General Fund. Grants from the fund are overseen by ONA.²⁷

²⁶ [Judicial Department operating budget, FY 2024-25 Long Bill](#)

²⁷ [Department of Labor and Employment operating budget, FY 2024-25 Long Bill](#)