

Immigration and its negative economic impact on the welfare state

REPORT XXIX

WELFARE STATE

An illustration of a classical building with a pediment and six columns. The building is heavily damaged, with cracks and vines growing on its facade. A large crowd of people, seen from behind, is gathered in front of the entrance, looking towards the dark doorway. The scene is set in a hazy, overcast environment.

FUNDACIÓN DISENSO

Pº. del General Martínez Campos 21, 1ºA.
28010, Madrid
info@fundaciondisenso.org
prensa@fundaciondisenso.org

Table of contents

Executive summary.....	7
Prologue: Immigration in Spain: Has the welfare state reached breaking point?.....	9
1.Introduction.....	12
2.The economic and demographic context	13
3.Do they actually pay our pensions?.....	14
4.Key comparative analysis between skilled and unskilled immigration.....	18
5.Analysis of results: fiscal, social, and comparative implications.....	22
6.Conclusions	26
Appendix: methodology.....	28
Bibliography.....	31

Executive summary

- With 1.12 births per woman, Spain has the **second-lowest total fertility rate** in the European Union; the country also has the **highest life expectancy** with an average of 84 years. This situation will lead to a 40% decline in population from one generation to the next.
- The pension system in Spain is underpinned by “intergenerational solidarity”, a concept whereby the labour force finances the pensions of today’s retirees. **If the labour force shrinks and the retired population grows, a structural deficit arises.**
- There is a common perception that immigration can serve as an economic solution to the problems caused by a low birth rate and an ageing population. However, as **immigrants will also retire, collect a pension, and access other public services**, it is necessary to calculate their net contribution to the state.
- The report quantifies their **net contribution to the state**, i.e. the revenue generated by social security contributions and direct and indirect taxation, on the one hand, **and the cost** to public finances, on the other.
- Simulations: an African man who comes to Spain at the age of 18. He starts working immediately and earns an average salary for an African man over the course of his professional life: €20,060. He works continuously up to the age of 66, at which point he retires and collects the corresponding pension. He dies at the age of 90. He makes a negative contribution of **-€158,044**; as for a man of African origin born in Spain, who starts working at the age of 22, **his net contribution amounts to -€422,946**; if he arrives accompanied by his wife at the age of 18 and has two children here, the **family’s net contribution is -€1,496,502.**
- **Unskilled immigrants tend to generate higher long-term costs** and make a negative contribution. Of all the **immigrants who have come to Spain, unskilled workers represent the largest proportion.**
- According to the simulations, an immigrant starts to make a **net positive contribution to public finances when his average annual pay amounts to at least €45,150** over the course of his professional life. As such, the only immigrant profile that makes a positive contribution is the high-skilled (educated to graduate or post-graduate level).

REPORT XXIX

- If an immigrant arrives at the age of 18 and **earns €31,670 over the course of his professional life**, he would also make a **net contribution** to public finances.
- As shown by the results of the report, since the **overall cost of immigration exceeds the contribution made by immigrants**, the welfare state is placed under an increasingly onerous fiscal strain.

Prologue: Immigration in Spain: Has the welfare state reached breaking point?

In the first quarter of the 21st century, **Spain has emerged as one of the leading destinations for immigrants in Western Europe.** Since 2000, the country has witnessed a substantial rise in its population, driven primarily by the arrival of foreign nationals. This phenomenon has transformed the labour market, the social structure, education, and the health system, while causing a whole host of economic and social problems.

As indicated by González Enríquez, **“Spain’s population has grown by 8 million people since the beginning of the century.** In other words, the initial population of 40 million has soared by 20%, rising over the same period at twice the increase experienced by other countries that were EU members in 2000. **This population surge is driven by immigration,** since the birth rate is in free fall and has now been surpassed by the death rate. **Meanwhile, Spain has fallen further behind all other EU-15 countries in terms of GDP per capita,** as a result of sluggish productivity growth in the Spanish economy. In view of the prevalence of immigrants in low-skilled, low-income jobs, and their lower workforce participation, inequality and poverty are on the rise across our country”.

The rise in immigration coincided with the economic boom in the early part of the century, with sectors such as construction, hospitality, and domestic services employing large numbers of foreign workers. Special measures were introduced in 2005 to regularise the situation of more than 500,000 immigrants. However, this formal initiative failed to address the high level of precariousness and segmentation in the labour market. **Immigrants have been overrepresented in temporary positions and roles with less social protection.**

According to González Enríquez et al. (2025), “Spain’s labour market is undergoing a significant transformation whose effects on the wider economy and society are not yet fully understood. Immigrants have occupied **the vast majority of new jobs created in recent years** following the post-pandemic economic recovery, or **90% of all new jobs** created in the last five quarters according to EPA records (from January 2024 to March 2025)”.

From an economic perspective, **low-skilled immigration can suppress wages for native workers,** especially in low-skilled sectors. The ombudsman (2020) has stated that growth in the labour force has been driven almost exclusively by immigration since 2008, which raises questions about viability and

competition in the labour market. **Precariousness has increased** to such an extent that people are now challenging the mantra that immigration fosters prosperity.

Since low-skilled workers represent the majority of immigrants who come to Spain, **the immigrant unemployment rate is significantly higher than that of native Spaniards**. In Q4 2023, the unemployment rate for male immigrants was 15%, compared to 10% for Spanish nationals. The difference is more notable among the female population since the unemployment rate for female immigrants reached 22%, almost ten percentage points higher than the unemployment rate for Spanish women (12%). This situation **means that immigrants are more likely to receive unemployment benefits** and other allowances, the cost of which is publicly funded.

As many immigrants are low-skilled, which forces them into lower-paid jobs and adversely affects their employment prospects, **they are at risk of poverty or face material deprivation**. On average, **this situation affects 53% of foreign nationals** who have arrived from countries outside the EU in Spain, eclipsing the figure of 16% for Spanish nationals. As a result, they are more likely to **consume public resources** (state, regional, local) and private resources (Caritas, Cruz Roja, food banks, soup kitchens, etc.). As in the case of unemployment, this has a direct impact on the welfare state.

The fiscal cost associated with immigration is another point of contention. While it is often stressed that immigrants pay into the system through social security contributions, **their access to certain public services, especially in terms of health and education, is not commensurate with the amount they put in**.

From a social perspective, problems of segregation within residential communities and at school have arisen. Various papers such as the study produced by Martín-González et al. (2024) identify higher school drop-out rates among the immigrant population. Moreover, the concentration of foreign nationals in certain neighbourhoods has cultivated a climate of social exclusion and caused tensions at the local level. There is growing **concern that neighbourhoods are being neglected and becoming more and more unsafe**.

Access to housing and the strain on local services have also reached critical points. In some cities, **the demand for housing has become so fierce that prices have risen** and competition for basic resources has increased.

REPORT XXIX

In short, **the rise in immigration across Spain has led to a number of economic and social problems that require special attention and targeted public policies.** Only by tackling the challenges posed by labour market pressures, indirect fiscal costs, segregation at school and within residential communities, over-qualification, and a perception of insecurity, will the country be able to develop an effective model of social coexistence and sustainability.

As asserted by González Enríquez, “**public discourse in Spain has never addressed the type of immigration that the country should seek to promote;** or contemplated the steps that are needed to tackle issues related to the high school drop-out rate of second-generation immigrants and the future problems that will arise as a result; or **assessed the impact on the health system or how the pension system is affected by a rise in low-income employment** – and consequently by smaller contributions; or broached the political turmoil to which rising inequality and poverty can give rise; or even considered how we should interpret the unemployment rate of the native population in light of data on the rise of immigrant employment”.

In a bid to further advance this debate, **this document analyses the cost of immigration in Spain based on empirical data** pertaining to the economic and professional profile of immigrants and how it affects their net fiscal impact.

1. Introduction

Immigration is currently one of the most complex and widely debated social phenomena. For many years, it has been analysed from a number of perspectives: cultural, social, demographic, and even political.

However, this report does not set out to explore these perspectives in detail, regardless of their relevance, but to focus exclusively on a very specific economic factor that has a significant bearing on our future: **the relationship between immigration and the viability of the welfare state in Spain.**

For the last 20 years or so, immigration has generally been regarded as the economic solution to the profound demographic challenges we face, particularly as regards the viability of the public pension system.

It is not uncommon to hear that immigrants are here “to pay our pensions”. But just how accurate is this statement?

This document draws on empirical data to comprehensively explore the matter. Without considering the legality or illegality of immigration, we will focus on a key aspect that is frequently overlooked in the forum of public opinion: **the economic and professional profile of immigrants and how it affects their net fiscal impact.**

2. The economic and demographic context

Spain is currently facing an unprecedented challenge in terms of its ageing population. The combination of a low birth rate and a high life expectancy increases the financial strain on public systems, not least the pension system.

On the one hand, the total fertility rate is as low as 1.12 children per woman (a record low). Consequently, the country has the **second lowest rate in the European Union**, behind only Malta. It therefore falls some way short of the generational replacement rate which, in the case of Spain, is approximately 2.1 children per woman. On the other hand, **life expectancy at birth is the highest in the European Union**: 84 years (a record high).

To put it another way, **this situation will lead to a 40% decline in Spain's population from one generation to the next**. For instance, a secondary school class with 100 people in generation 1 would have 56 in generation 2, and 31 in generation 3. A society simply cannot allow its population to plummet from 100 to 31 in such a short period of time.

The Spanish pay-as-you-go pension system involves intergenerational solidarity by means of a redistributive system. **In other words, the contributions of the labour force are used to fund the pensions of today's retirees**. However, **when the labour force shrinks and the retired population grows, a structural deficit will ensue unless pension payments are reduced**. Since 2010, while the population of over 65s has grown by almost 30%, the working-age population (16-64 years old) has only risen by 2%.

This phenomenon has deleterious consequences on public finances. **In 2010 and 2023, public spending as a percentage of GDP was more or less equal at 45%**. The difference between the two is that, in 2023, an extra 4.5% of GDP was spent on our ageing population: 3% on pensions and 1.5% on health and other related costs. That represents a 4.5% shortfall in our public finances. And that situation will only go from bad to worse. The flexibility of our public finances will be greatly limited in the next 20-30 years, placing restrictions on what we can and cannot do.

In response, **it is often argued that the arrival of immigrants can compensate for the low birth rate, increase tax revenues** and social security contributions, and, consequently, finance our pensions. It is important to note from the outset that **this line of reasoning is**, at best, **flawed** and, in the vast majority of cases, **incorrect**.

3. Do they actually pay our pensions?

In the last two decades, public discourse has been dominated by what appears to be a straightforward question: **“Are immigrants here to pay our pensions?”**

The question is simple in its formulation but categorically fails to grasp the complexities of the migratory phenomenon. The **question we should be asking** is not whether immigrants contribute to the pension system — they clearly do so over the course of their professional lives — **but whether their contribution offsets all the costs borne by the public during their lives.**

An emphasis has traditionally been placed on the immediate benefits: young workers contributing to the social security system, paying tax, and consuming goods and services. This short-sighted view has paved the way for the optimistic narrative that immigration provides a solution to demographic and fiscal problems.

Yet, **a comprehensive analysis should take into consideration that those very immigrants will grow old in time, retire, collect a pension, and access other public services.** Even if they return to their countries of origin when they retire, they will continue to receive a pension from the Spanish social security system.

The question we should be asking is, therefore, whether the net present value of all their contributions outweighs the net present value of all costs borne by the public during their lives.

As such, we have produced a number of simulations to verify the net contribution of immigrants to the state during their lives (0-90 years of age), based on data from 2022. The detailed analysis paints a picture that is not as optimistic as the narrative frequently presented to us.

On the one hand, we have examined the revenue they generate for the state:

- Social security contributions.
- Direct taxation: Personal income tax.
- Indirect taxation: Value added tax (VAT), tax on property conveyances, tax on documented legal acts, and excise duties.

REPORT XXIX

On the other hand, the primary¹ costs incurred by the state to pay for fundamental public services:

- Retirement pension.
- Health and education².
- Infrastructure.
- Social security benefits³.
- Security: defence, domestic and foreign.
- Justice.

The simulations consistently reflect the same trend:

- During the active phase (as minors and adults), they are net contributors. In other words, they put in more than they take out.
- During the inactive or retirement phase, they are net beneficiaries. In other words, they take out more than they put in.
- **The total net contribution is almost always distinctly negative.**

Morocco is the most common country of birth of foreign nationals residing in Spain. As of the date of this report, Spain accommodates more than one million immigrants of Moroccan origin. As they represent the largest group, it is appropriate to consider their net contribution.

Nevertheless, the Structure of Earnings Survey does not provide data about the average salary of a Moroccan residing in Spain. Instead, its data focus on immigrants from Africa. For that reason, we will use those figures as a reference. Essentially, 70% of immigrants from Africa come from Morocco.

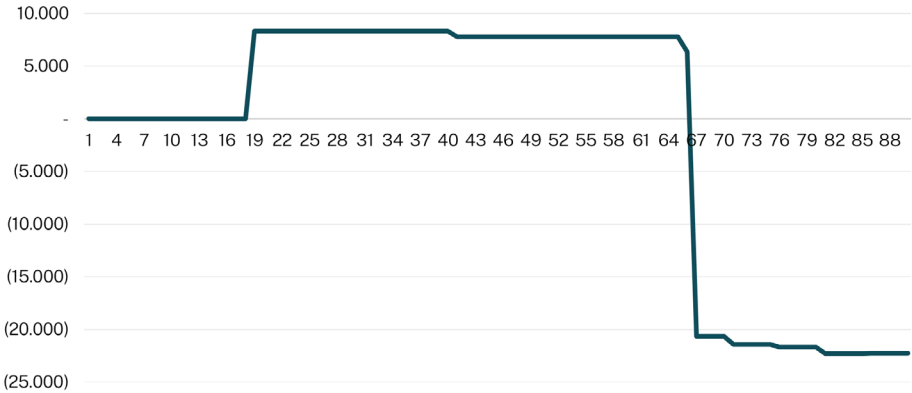
1 It should be noted that, for the benefit of the simulation, other relevant expenditure such as public debt has been excluded

2 Education costs have been excluded in the case of immigrants who come to Spain at the age of 18.

3 Including primary non-contributory social security expenditure: non-contributory pensions, minimum living wage, non-contributory unemployment benefits, social services, etc.

REPORT XXIX

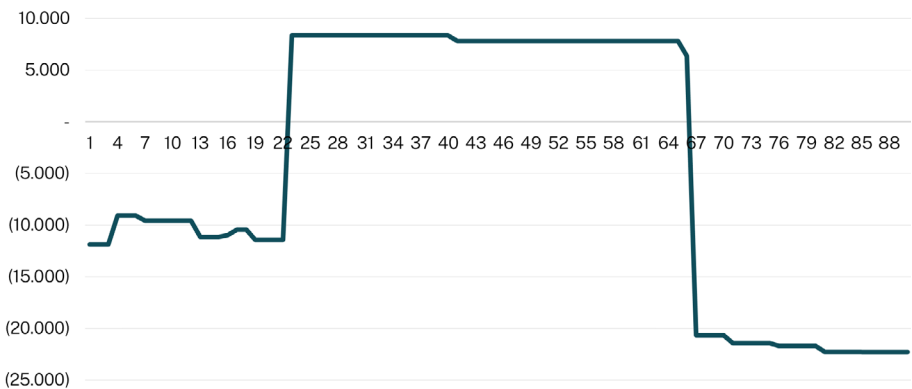
Simulation 1. African man who arrives at the age of 18



Description: African man who comes to Spain at the age of 18. He starts working immediately at the age of 18 and earns an average salary for an African man over the course of his professional life: €20,060. He works continuously up to the age of 66, at which point he retires and collects the corresponding pension. He dies at the age of 90.

During his life, his total net contribution amounts to -€158,044.

Simulation 2. African man born in Spain

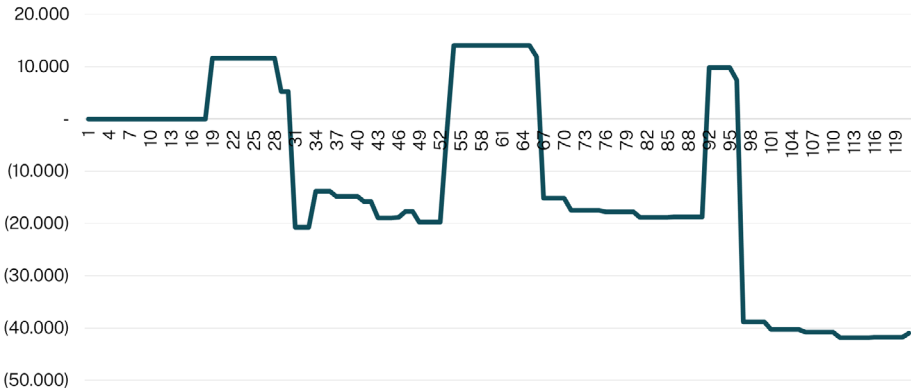


Description: man of African origin born in Spain. He is state-educated. **He starts working at the age of 22** and earns an average salary for an African man **over the course of his professional life: €20,060**. He works continuously up to the age of 66, at which point he retires and collects the corresponding pension. He dies at the age of 90.

REPORT XXIX

During his life, **his total net contribution amounts to -€422,946.**

Simulation 3. African man and woman who arrive at the age of 18, get married, and have two children



Description: African man and woman who come to Spain at the age of 18. They start working immediately **at the age of 18 and earn an average salary for an African man and woman over the course of their professional lives: €20,060 and €14,259, respectively. They get married at the age of 28, at which point she stops working⁴.**

At the age of 30, **they have one son and one daughter, who are state-educated** until they reach the age of 22. **When the children reach the age of 24, they start working** and earn an average salary for an African man and woman over the course of their professional lives: He earns €20,060 and she earns €14,259.

Their father works continuously until the age of 66, at which point he retires and collects the corresponding pension. He dies at the same age as the mother (90 years of age). Respectively, the children work continuously until the age of 66, at which point they retire and collect the corresponding pension. They both die at the age of 90.

During the lives of the family members, their total net contribution amounts to **-€1,496,502.**

4 African women have very low participation rates, especially when they get married and have children. As of 1 January 2024, there were 387,282 Moroccan women in Spain. Only 84,000 of them were affiliated with the Spanish Social Security system. In other words, only one in five Moroccan women was affiliated with the Spanish Social Security system.

4. Key comparative analysis between skilled and unskilled immigration

The key distinction from an economic perspective is the professional and academic profile of immigrants. The fiscal and economic impact varies greatly depending on the type of immigration accepted by a country.

Skilled immigrants, consisting of professionals characterised by their extensive academic training and high labour productivity, **generally make a greater net fiscal contribution**, pay more tax, contribute more to the public system, and access public services less frequently, relative to others. Conversely, **unskilled immigrants**, consisting of individuals with a lower level of education and professional experience, also contribute, but their contribution **tends to be outweighed by their long-term cost to public finances**. Consequently, their net contribution is negative.

Countries such as Canada, Australia, and Switzerland prioritise **skilled immigrants by implementing special immigration policies** which **enable them to guarantee the viability of their welfare states more effectively**.

In recent decades, the immigrants welcomed by Spain have been overwhelmingly low-skilled, as evidenced by the negative long-term fiscal impact observed in numerous simulations.

This profile is clearly identified in the Structure of Earnings Survey produced by the National Statistical Institute (INE), which sets out the average pay of immigrants according to their origin. Without specifying sex, **in every case the average pay of immigrants is less than the average pay in Spain, i.e. €26,949**, regardless of region of origin. In other words, the immigrants we welcome are very low-skilled.

Average pay according to origin of immigrants

	Both sexes	Women	Men
European Union	€24,865	€ 21,777	€ 27,529
Europe excluding EU	€ 26,283	€ 21,852	€ 32,969
Africa	€ 18,583	€ 14,259	€ 20,060

REPORT XXIX

	Both sexes	Women	Men
America	€ 18,215	€ 16,462	€ 19,842
Others	€ 18,232	€ 16,600	€ 18,880

According to the simulations, **an immigrant starts to make a positive net contribution when his annual pay amounts to € 45,150**. This amount is much higher than any of the average sums displayed in the table above.

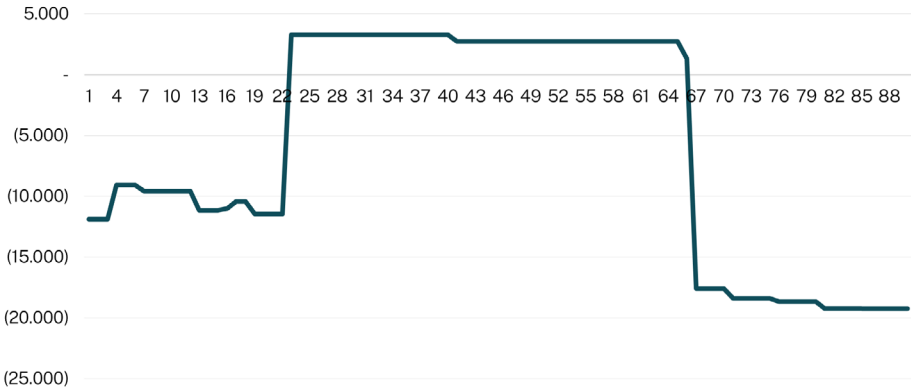
As such, **the only profile that makes a positive contribution is a highly skilled immigrant, essentially a graduate**, whose average pay amounts to € 44,672, the only sum comparable to € 45,150.

Average pay according to level of education

Level of education	Average pay
University graduates ⁵	€ 44,672
First-cycle graduates	€ 33,723
Vocational training	€ 27,515
Secondary education	€ 23,727
Secondary education	€ 20,226
Primary education	€ 18,935
Less than primary education	€ 17,334

5 The difference between university graduates and undergraduates for the purposes of this report is in the length of the course they have completed: first-cycle graduates complete a 3-year course while second-cycle graduates study for a longer period of 4 or 5 years, receive more comprehensive training, and have direct access to a doctorate.

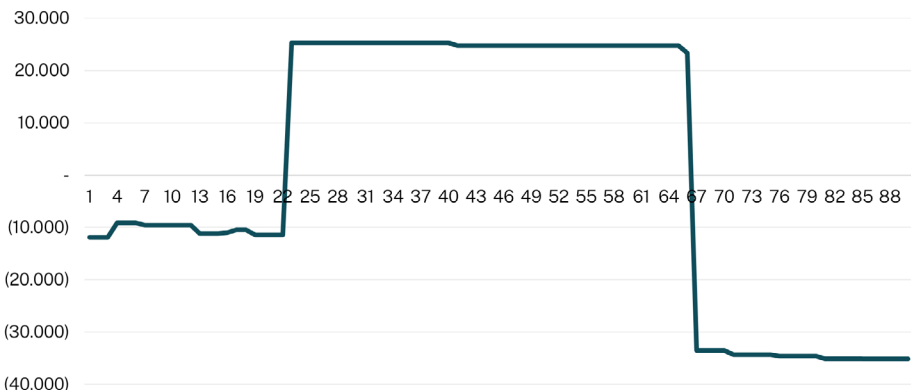
Simulation 4. Minimum Wage



Description: person born in Spain. He is state-educated. **He starts working at the age of 22 and earns the minimum wage over the course of his professional life: €14,000.** He works continuously up to the age of 66, at which point he retires and collects the corresponding pension. He dies at the age of 90.

During his life, **his total net contribution amounts to + € -569,194.**

Simulation 5. How much do you need to earn to offset costs?

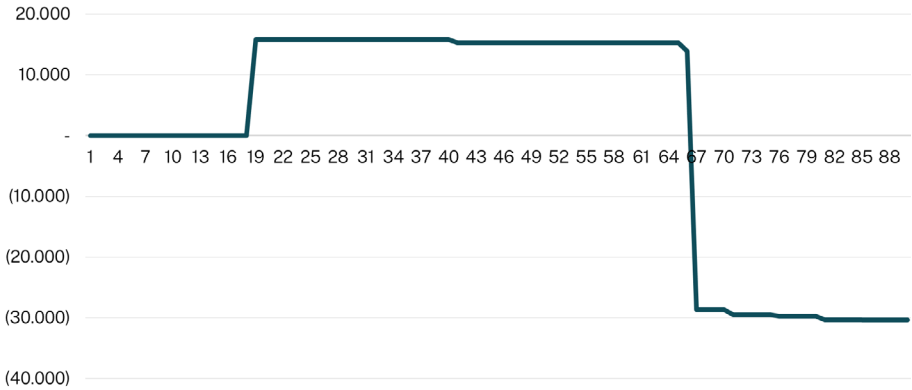


Description: person born in Spain. He is state-educated. **He starts working at the age of 22 and earns € 45,150 over the course of his professional life.** He works continuously up to the age of 66, at which point he retires and collects the corresponding pension. He dies at the age of 90.

REPORT XXIX

During his life, **his total net contribution amounts to + € 138.**

Simulation 6. How much do you need to earn to offset costs if you arrive at the age of 18?



Description: **immigrant who comes to Spain at the age of 18.** He starts working immediately at the age of 18 and **earns € 31,670 over the course of his professional life.** He works continuously up to the age of 66, at which point he retires and collects the corresponding pension. He dies at the age of 90.

During his life, **his total net contribution amounts to + € +73.**

5. Analysis of results: fiscal, social, and comparative implications

The simulations set out in this report disregard clichés and comprehensively analyse the net fiscal impact of various immigration profiles. Unlike approaches that merely consider the contributions paid into the system by immigrants over the course of their professional lives, **this analysis takes a comprehensive approach: it encompasses the entire lifespan of immigrants**, from birth (or the point at which they arrive in the country) **to death, and covers not only all the contributions they make in the form of taxation and social security payments, but also the cost borne by the state.**

The results reveal a systematic pattern. **During the stage at which immigrants are professionally active, most are net contributors:** they work, pay social security contributions, consume, and generate revenue for the public coffers. However, their positive contribution is outweighed by the cost to public finances over the course of their lives, especially in terms of the state education and pensions they receive, on the one hand, and their ongoing access to essential public services, on the other.

The first simulation, in which an African man comes to Spain at the age of 18 and works all his life, **results in a net fiscal contribution of - € 158,044.** This figure is negative despite a number of very favourable circumstances: continuous employment, no children, no long-term illnesses, and a steady salary. In actual fact, these circumstances are absent in most cases.

As for the second simulation, in which a man of African origin born in Spain is state-educated and subsequently works his entire life, **the fiscal situation is even worse: €-422,946.** The added cost is due primarily to the state education he receives in the first 20 years of his life. This difference between both simulations -in excess of € 260,000- demonstrates the **preponderance of the education cost in the final calculation and indicates that being born in Spain is no guarantee of a positive fiscal contribution** in the future if the individual in question does not enter further education and earn a higher salary.

The most representative case is seen in the third simulation where a family consisting of an African father and mother come to Spain at the age of 18, get married, have two children, and receive an income in line with those observed in the INE data over a period of several decades. The mother stops working when the children are born-a common practice according to the social security registration

REPORT XXIX

figures for Moroccan women-and the children are state-educated before they find employment which pays in line with the average pay for their group of origin. **The result could not be clearer: the total net fiscal loss amounts to -€ 1,496,502.**

This kind of scenario is neither marginal nor theoretical. They fundamentally represent the life trajectories commonly associated with many of the immigrants that Spain has welcomed in recent decades. **The common denominators are clear: low pay, low labour market participation of women, high level of dependence on the public system, and prolonged ageing.** In light of these circumstances, even in the presence of steady employment, the fiscal balance is negative.

By contrast, simulations 4 and 5 identify the minimum threshold at which immigration is no longer fiscally deficit-producing. A worker on minimum wage generates a loss of -€ 569,194. **The equilibrium is only reached at the point where annual pay amounts to € 45,150: + € 138 net over the course of a life.** This confirms that **most of Spain's current immigrants are way below the fiscal balance threshold**, as their average pay is between € 14,000 and € 20,000, according to the Structure of Earnings Survey.

These differences are so pronounced that one cannot possibly conclude that the problem is caused by "integration" or "access to employment". **Even in optimal working conditions, the most common profiles of immigrants who come to Spain -young low-skilled workers, who are paid a low wage and whose children are state-educated -generate very high fiscal deficits.**

This pattern is not exclusive to the case of Spain. In Denmark, the Ministry of Finance has published a report in which **immigration from non-Western countries was calculated to generate an average annual loss of 33,000 Danish kroner per person and per year, i.e. an annual loss of approximately €4,400.** Moreover, the figures are repeated in the second generation. Conversely, **western or highly-skilled immigrants make a neutral or marginally positive contribution.** This analysis, produced on the basis of a similar methodology, has been used to redefine the country's immigration policies and to introduce stricter criteria for access to social benefits.

In the Netherlands, the CPB Netherlands Bureau for Economic Policy Analysis has produced a similar study which also distinguishes between types of immigration by level of education, region of origin, and integration into the labour market. Its conclusion is clear: **low-skilled immigrants generate a fiscal loss during their lives, even if they are employed, while only skilled immigrants**

can generate fiscal surpluses, albeit by a very slim margin. The report also notes that **the children of low-skilled immigrants tend to follow that trend,** indicating that fiscal deficits may arise from one generation to the next unless action is taken to tackle the issue at its source.

Unlike these countries, Spain has historically welcomed low-skilled immigrants who are paid a low wage and depend to a large extent on public services. According to data, **more than 60% of immigrants in Spain have only completed basic secondary education,** and their labour market participation rates, not least in the case of women, are below the national average. On this basis, unless the profile of immigrants changes drastically, **it is unrealistic to expect that immigration will help to sustain the welfare state.** In all likelihood, it will place the system under even greater strain.

Finally, it should be noted that **the fiscal impact of immigration is not confined to social security contributions and pensions.** There are other costs to bear in mind and, although they are not examined in this report, they should not be disregarded by public officials:

- **Pressure on the health system,** especially in regions with large immigrant populations.
- **Overstretched education system** characterised by a demand for language support services and additional resources.
- **Court, police, and prison costs** generated on account of certain groups which, according to Ministry of the Interior data, have higher-than-average rates of criminality.
- **Demand for social housing, allowances, and benefits,** frequently at odds with the needs of the vulnerable native population.
- **Costs of integration, translation, intercultural mediation,** and special social programmes, which account for an increasing share of the budgets of regions and towns.

While these factors are not quantified in the fiscal simulations, they do have a real impact on public spending and social cohesion. And they are increasing in prominence as the volume and concentration of certain groups rises.

In short, **based on the analysis conducted in this report,** and the empirical data of other European countries, **it is possible to assert that immigration, as it is currently characterised in Spain, does not help to address the fiscal problem related to an ageing population.** On the contrary, **it exacerbates the**

REPORT XXIX

issue. Only by welcoming skilled and productive immigrants who extensively integrate into the labour market can immigration make a positive impact. **This should be the fundamental premise of any immigration policy** that seeks to guarantee the viability of the welfare state.

6. Conclusions

The analysis presented in this report would suggest that Spain's immigration policy is in need of drastic reform.

1. Fallacy that immigration sustains the welfare state

People have argued for years that immigration would help to sustain our welfare system, and particularly the pension system. They have assumed that the integration of young immigrants into the labour market would counteract an ageing population and increase social security contributions. However, according to available data, **this assumption**, although widely accepted, **is ill-advised in most cases.**

2. Negative fiscal contribution of unskilled immigration

The simulations considered in this report, based on official data and realistic scenarios, show that **unskilled immigrants make a negative net fiscal contribution during their lives.** The social security contributions and tax paid by immigrants during their professional lives fall short of the sums they receive in the form of pensions and the cost of health, education, and other public services.

3. Deficit-aggravating factors

The situation is exacerbated when frequent factors such as the **education of children, the low labour market participation rate of women, and persistently low wages are taken into consideration.** In these circumstances, the fiscal losses may exceed one million euros per family.

4. Impact of skilled migration

On the other hand, **only immigrants who surpass the annual € 45,000 threshold**, i.e. highly skilled and productive profiles, **make a positive fiscal contribution.** Yet, of all immigrants who come to Spain, these profiles are currently in the minority.

5. Parallels with experiences of other countries

This pattern has also been observed in other European countries that have examined the fiscal impact of migration. In Denmark, the Finance Ministry

estimates that non-Western immigrants and their descendants generate an average fiscal deficit of 33,000 Danish kroner per person and per year, i.e. an annual loss of approximately €4,400. In the Netherlands, the CPB has concluded that low-skilled immigrants generate a persistent fiscal deficit, even in the second generation.

6. Not all immigration is equal

Therefore, not all immigration is equal. This is not about being for or against immigration. It is about acknowledging that its economic impact depends on the educational, professional, and family profile of those that arrive. And that, unless substantial changes are made, **the present immigration model will threaten the viability of the welfare state.**

7. Data-driven decisions

Policy should be shaped by data, not slogans. And available data tell us that **our fiscal problems will not be solved, but exacerbated, by the ongoing acceptance of low-skilled immigrants.**

Appendix: methodology

Calculation of all state revenue and expenditure in every year of the simulated life cycle (0-90 years). With data and constant euros of 2022.

1. In relation to state revenue

- **Personal Income Tax:** direct calculation based on the 2022 Practical Income Manual⁶.
- **Contributions:** direct calculation based on contribution rates and bases⁷.
- **Indirect taxation:** applying effective average rates for gross income, based on the document entitled “Observatory on the Distribution of Taxes and Benefits among Spanish Households” for 2022, published by Fedea⁸.

2. In relation to state expenditure

- **Old age pension:** direct calculation based on social security instructions⁹.
- **Education:** annual cost per student educated at public establishments, for every educational level, published by the OECD¹⁰. Updated to 2022 euros with education sector inflation.

6 Available at <https://sede.agenciatributaria.gob.es/Sede/Ayuda/22Manual/100.html>

7 Available at <https://www.ibermutua.es/wp-content/uploads/2022/12/BASES-Y-TIPOS-DE-COTIZACION-A-LA-SEGURIDAD-SOCIAL-PARA-2022-010422.pdf>

8 Available at https://documentos.fedea.net/pubs/eee/2025/eee2025-02.pdf?utm_source=wor-dpress&utm_medium=portada&utm_campaign=estudio&_gl=1*1p4b968*_ga*MTE5MzQ2MzM-4My4xN-zE2NDU3NjY0*_ga_K71EGLC8JC*MtC0MjM5MzYwOC4xMjguMC4xNzQyMzkzNjA4LjAuMC4w

9 Available at https://www.seg-social.es/wps/portal/wss/internet/Trabajadores/PrestacionesPensionesTrabajadores/10963?1dmy&urile=wcm%3Apath%3A%2FPOIN_Contenidos_en%2FInternet%2F4983%-2F10935%2F10963%2F28393%2F28396%2F28475%2F

10 Available at [https://data-explorer.oecd.org/vis?fs\[0\]=Topic%2C0%7CEducation%20and%20skill-s%23EDU%23&pg=0&fc=Topic&snb=123&vw=tb&df\[ds\]=dsDisseminateFinalDMZ&df\[id\]=DSD_EAG_UOE_FIN%40DF_UOE_INDIC_FIN_PERSTUD&df\[ag\]=OECD.EDU.IMEP&df\[vs\]=3.0&dq=ESP..ISCED11_02%2BIS-CED11_6T8%2BISCED11_01%2BISCED11_5%2BISCED11_5T8%2BISCED11_35_45%-2BISCED11_34_44%-2BISCED11_3_4%2BISCED11_35%2BISCED11_34%2BISCED11_3%2BISCED11_2%-2BISCED11_2_3%2BIS-CED11_0%2BISCED11_1.S13.INST_EDU_PUB.DIR_EXP.V.XDC_ST.&pd=2021%-2C2021&to\[TIME_PERIOD\]=true](https://data-explorer.oecd.org/vis?fs[0]=Topic%2C0%7CEducation%20and%20skill-s%23EDU%23&pg=0&fc=Topic&snb=123&vw=tb&df[ds]=dsDisseminateFinalDMZ&df[id]=DSD_EAG_UOE_FIN%40DF_UOE_INDIC_FIN_PERSTUD&df[ag]=OECD.EDU.IMEP&df[vs]=3.0&dq=ESP..ISCED11_02%2BIS-CED11_6T8%2BISCED11_01%2BISCED11_5%2BISCED11_5T8%2BISCED11_35_45%-2BISCED11_34_44%-2BISCED11_3_4%2BISCED11_35%2BISCED11_34%2BISCED11_3%2BISCED11_2%-2BISCED11_2_3%2BIS-CED11_0%2BISCED11_1.S13.INST_EDU_PUB.DIR_EXP.V.XDC_ST.&pd=2021%-2C2021&to[TIME_PERIOD]=true)

REPORT XXIX

- **Health:** Average healthcare cost according to age group, based on the article entitled “Population Analysis of Healthcare Service Expenditure in Catalonia: What and Who Consumes Most Resources”, published by Gaceta Sanitaria¹¹. Updated to 2022 euros with healthcare sector inflation.
- **Infrastructure:** total budget of the State¹² and Regions¹³ for Transport, Infrastructure, and Housing, divided by the population of Spain as of 1 July 2022.
- **Social welfare:** total budget of the State¹⁴ and Regions¹⁵ for primary non-contributory social welfare (non-contributory pensions, minimum living wage, non-contributory unemployment benefits, social services, etc.), divided by the population of Spain as of 1 July 2022.
- **Security:** total budget of the State¹⁶ and Regions¹⁷ for Defence, Home Affairs, and Foreign Affairs, divided by the population of Spain as of 1 July 2022.
- **Justice:** total budget of the State¹⁸ and Regions¹⁹ for Justice in 2022, divided by the population of Spain as of 1 July 2022.

Available at <https://dondevanmisimpuestos.es/ccaa#year=2022>

11 Available at <https://www.gacetasanitaria.org/es-pdf-S021391117302145>

12 Available at <https://www.igae.pap.hacienda.gob.es/sitios/igae/es-ES/Contabilidad/ContabilidadPublica/CPE/EjecucionPresupuestaria/Documents/RESUMEN%20CAGE%202022.pdf>

13 Available at <https://dondevanmisimpuestos.es/ccaa#year=2022>

14 Available at https://documentos.fedea.net/pubs/ap/2025/ap2025-06.pdf?_gl=1*i03g4w*_ga*M-TE5Mz-Q2MzM4My4xNzE2NDU3NjY0*_ga_K7IEGLC8JC*MTc0MjQ3MjAxMC4xMzluMS4xNzQyNDcyMT-g0LjAuMC4w and at <https://www.mites.gob.es/ficheros/ministerio/estadisticas/anuarios/2022/PRD/PRD.pdf>

15 Available at <https://dondevanmisimpuestos.es/ccaa#year=2022>

16 Available at <https://www.igae.pap.hacienda.gob.es/sitios/igae/es-ES/Contabilidad/ContabilidadPublica/CPE/EjecucionPresupuestaria/Documents/RESUMEN%20CAGE%202022.pdf>

17 Available at <https://dondevanmisimpuestos.es/ccaa#year=2022>

18 Available at <https://www.igae.pap.hacienda.gob.es/sitios/igae/es-ES/Contabilidad/ContabilidadPublica/CPE/EjecucionPresupuestaria/Documents/RESUMEN%20CAGE%202022.pdf>

19 Available at <https://dondevanmisimpuestos.es/ccaa#year=2022>

3. Net present value

Calculation of the net present value (revenue - costs) generated in every year of the simulated life cycle.

As all data are expressed in constant 2022 euros (which are constant per se) of 2022, a non-zero discount rate would not have to be used.

However, a sensitivity table is included with a 2.272% discount rate, equivalent to the total average interest rate that the State pays on its debt as of March 2025. It should be noted that this is a nominal rate: inflation would need to be discounted in order to obtain the real rate, in which case the discount rate would again be zero, which is correct.

Net contribution sensitivity table

	Simulation 1	Simulation 2	Simulation 3	Simulation 4
0% discount rate	€ -158,044	€ -422,946	€ -1,496,502	€ -569,194
Discount rate 2.272%	€ 64,173	€ -136,929	€ -190,225	€ -209,079

Bibliography

National Tax Agency. (2022). 2022 Practical Income Manual. Ministry of Public Finance and Administration. <https://sede.agenciatributaria.gob.es/>

De la Fuente, Á. (2025). Extended Social Security Accounts. Series 2005-2023, v1.2 (Updated to include the 2023 settlement and 2024 advance). Fedea.

Ombudsman. (2020). Volume II: The contribution of immigration to the Spanish economy. Madrid: Ombudsman.

Fundación Ciudadana Civio. (2022). Where do my taxes go? 2022 Regional Budgets. <https://dondevanmisimpuestos.es/ccaa#year=2022>

Government of Spain, Ministry of Finance and Public Administration, General Comptroller of the State Administration. (2023). Summary of the General State Administration account: 2022 Reporting Period.

González Enríquez, C (2024) Immigration, work, productivity and inequality in Spain, Real Instituto Elcano, 12-2-2024.

González Enríquez, C, Martínez, P. (2025) Immigration and the labour market in Spain, Real Instituto Elcano, 9-6-2025.

Ibermutua. (2022). Social Security contribution bases and rates for 2022 (Infographic). Ibermutua. <https://www.ibermutua.es/wp-content/uploads/2022/12/BASES-Y-TIPOS-DE-COTIZACION-A-LA-SEGURIDAD-SOCIAL-PARA-2022-010422.pdf>

López Laborda, J., Marín González, C., & Onrubia, J. (2025). Observatory on the distribution of taxes and benefits among Spanish households: Ninth Report – 2022. Fedea. (Studies on the Spanish Economy 2025/02).

Martín-González, M. M., González-Betancor, S. M., & Pérez-Esparrells, C. (2024). Early school leaving in Spain: A longitudinal analysis by gender. arXiv preprint.

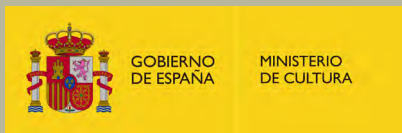
Ministry of Inclusion, Social Security and Migration. (2022). Unemployment benefits 2022. 2022 Statistic directory (PRD). <https://www.mites.gob.es/ficheros/ministerio/estadisticas/anuarios/2022/PRD/PRD.pdf>

REPORT XXIX

OECD. (2021). Expenditure per student by level of education (Spain), 2021. OECD Data Explorer. Extracted on 22 July 2025, from [https://data-explorer.oecd.org/vis?fs\[0\]=Topic%2C0%7CEducation%20and%20skills%23EDU%23&p-g=0&fc=Topic&snb=123&vw=tb&df\[ds\]=dsDisseminateFinalDMZ&df\[j-i-d\]=DSD_EAG_UOE_FIN%40DF_UOE_INDIC_FIN_PERSTUD&df\[ag\]=OECD.EDU.IMEP&df\[vs\]=3.0&dq=ESP..ISCED11_02%2BISCED11_6T8%2BISCED11_01%-2BISCED11_5%2BISCED11_5T8%2BISCED11_35_45%2BISCED11_34_44%-2BISCED11_3_4%2BISCED11_35%2BISCED11_34%2BISCED11_3%2BISCED11_2%2BISCED11_2_3%2BISCED11_0%2BISCED11_1.S13.INST_EDU_PUB.DIR_EXP.V.XDC_ST.&pd=2021%2C2021&to\[TIME_PERIOD\]=true](https://data-explorer.oecd.org/vis?fs[0]=Topic%2C0%7CEducation%20and%20skills%23EDU%23&p-g=0&fc=Topic&snb=123&vw=tb&df[ds]=dsDisseminateFinalDMZ&df[j-i-d]=DSD_EAG_UOE_FIN%40DF_UOE_INDIC_FIN_PERSTUD&df[ag]=OECD.EDU.IMEP&df[vs]=3.0&dq=ESP..ISCED11_02%2BISCED11_6T8%2BISCED11_01%-2BISCED11_5%2BISCED11_5T8%2BISCED11_35_45%2BISCED11_34_44%-2BISCED11_3_4%2BISCED11_35%2BISCED11_34%2BISCED11_3%2BISCED11_2%2BISCED11_2_3%2BISCED11_0%2BISCED11_1.S13.INST_EDU_PUB.DIR_EXP.V.XDC_ST.&pd=2021%2C2021&to[TIME_PERIOD]=true)

Social Security. (s.f.). Amount of the contributory retirement pension. Government of Spain. Extracted on 22 July 2025, from https://www.seg-social.es/wps/portal/wss/internet/Trabajadores/PrestacionesPensionesTrabajado-res/10963?1dmy&urile=wcm%3Apath%3A%2FPOIN_Contenidos_en%2FIn-ternet%2F4983%2F10935%2F10963%2F28393%2F28396%-2F28475%2F

Vela, E., Clèries, M., Vella, V. A., Adroher, C., & García-Altés, A. (2019). Population Analysis of Healthcare Service Expenditure in Catalonia (Spain): What and who consumes most resources? *Gaceta Sanitaria*, 33(1), 24–31



Actividad subvencionada por el Ministerio de Cultura

fundaciondisenso.org