

A Tale of Two Migrations

A recent Census Bureau report shows population growth is slowing. The U.S. population increased just 0.5% in the year ending July 1, 2025 versus 1.0% in the year ending July 1, 2024, which aligns with a sharp drop in net immigration so far in 2025. We wondered which states attracted more of these immigrants.

In a recent *Three on Thursday*, we focused on domestic net migration between states, which you can find [here](#) and encourage you to sign up for [here](#). That analysis showed Americans continue to move toward states with lower tax burdens and a lower cost of living.

However, immigrants into the U.S. follow a different pattern. We examined where new immigrants are settling and compared those to SmileHub's rankings of the "States Most Supportive of People in Poverty." SmileHub ranks all 50 states from 1 (most supportive) to 50 (least supportive).

The results show immigrants are disproportionately heading toward states that offer more generous support for people in poverty. In the most recent year, the ten states with the highest net international migration (FL, WA, MA, NJ, RI, TX, NY, CT, VA, and NC) had an average poverty-support rank of 18 (higher than average). By contrast, the ten states with the least international net migration (WV, WY, MT, VT, ID, WI, NM, NH, AL, and AR) provided less support and had an average SmileHub rank of 32. Looking back to 2020 confirms the pattern. Since then, the top ten states for international net migration averaged a poverty-support rank of 14, while the bottom ten averaged 33.

However, Florida and Texas have higher immigration based on location, even though they rank low in terms of support for people in poverty; if we exclude them from the data, the other eight states had an average SmileHub rank of 11, which shows an even stronger link between support for people in poverty and immigration flows.

It's also important to recognize that the strong link between poverty-support and more immigrants doesn't prove immigrants are seeking the largest handouts. States with more support for people in poverty could have more problems coaxing low-skilled citizens into the labor force, which could create more demand for low-skilled immigration, who, depending on the state, have less access to benefits.

Meanwhile, looking at *domestic* net migration with the same criteria shows a stark difference. The ten states with the most domestic net migration had both below average poverty support and lower taxes. The ten states that attracted the fewest internal migrants had an average poverty support rank of 13 (high poverty support) and typically higher costs of living.

In other words, while immigrants disproportionately settle in states with more generous welfare systems, domestic migrants move in the opposite direction—away from high-tax states with expansive social programs. What this implies is that over time a loose set of immigration policies will tend to increase the national political power of states with expansive support for people in poverty, while strict immigration policies will tend to increase the power of states with smaller welfare states and lower taxes. No wonder immigration is such a hot button issue!

Date/Time (CST)	U.S. Economic Data	Consensus	First Trust	Actual	Previous
2-10 / 7:30 am	Retail Sales – Dec	+0.4%	+0.5%		+0.6%
7:30 am	Retail Sales Ex-Auto – Dec	+0.4%	+0.4%		+0.5%
7:30 am	Q4 Employment Cost Index	+0.8%	+0.8%		+0.8%
7:30 am	Import Prices – Dec	+0.1%	+0.1%		0.0%
7:30 am	Export Prices – Dec	+0.1%	+0.1%		NA
9:00 am	Business Inventories – Nov	+0.2%	+0.2%		+0.3%
2-11 / 7:30 am	Non-Farm Payrolls – Jan	69K	100K		50K
7:30 am	Private Payrolls – Jan	75K	100K		37K
7:30 am	Manufacturing Payrolls – Jan	-7K	-7K		-8K
7:30 am	Unemployment Rate – Jan	4.4%	4.4%		4.4%
7:30 am	Average Hourly Earnings – Jan	+0.3%	+0.3%		+0.3%
7:30 am	Average Weekly Hours – Jan	34.2	34.3		34.2
2-12 / 7:30 am	Initial Claims – Feb 7	224K	212K		231K
9:00 am	Existing Homes Sales – Jan	4.200 Mil	4.030 Mil		4.350 Mil
2-13 / 7:30 am	CPI – Jan	+0.3%	+0.2%		+0.3%
7:30 am	"Core" CPI – Jan	+0.3%	+0.2%		+0.2%