



The Texas Model: Who Really Gets Texas Jobs

by The Honorable Chuck DeVore, Visiting Senior Fellow, Center for Fiscal Policy

A recent study claiming “immigrants (legal and illegal) have been the primary beneficiaries of [Texas’ job] growth since 2007” was inaccurate because it relied on flawed methodology.

The main contention in the study by the Center for Immigration Studies (CIS) was, “Of jobs created in Texas since 2007, 81 percent were taken by newly arrived immigrant workers (legal and illegal).” It goes on to assert, backing up its numbers with data from government sources, that, “...between the second quarter of 2007, right before the recession began, and the second quarter of 2011, total employment in Texas increased by 279,000. Of this, 225,000 jobs went to immigrants (legal and illegal) who arrived in the United States in 2007 or later.”

CIS also claimed that half of the newly-arrived immigrants were illegally in America. While a case can be made that these numbers are off using Department of Homeland Security data showing that the amount of illegal immigrants getting new jobs in Texas (60,000) was less than half number claimed in the CIS report (153,880), the greater issue was the flawed methodology that led to the report’s most widely-reported claim.

Put simply, CIS compared a *net* increase in jobs in Texas over a four year period with a *gross* increase in employed newly-arrived immigrants in Texas. This is truly an apples to oranges comparison that should be thought of in the same way as if a report claimed that Google is a larger company than Apple because its market capitalization of \$162 billion exceeded Apple’s annual revenues of \$100 billion.

It is true that Texas had a nation-leading net of 279,000 more jobs in the second quarter of 2011 than it did in the second quarter of 2007. But CIS’ claim that immigrants filled 225,000 of these jobs is wrong. There is no way to determine—statistically or otherwise—that this is the case. The numbers are simply not comparable.

Looking at the *total* number of jobs created in our dynamic and complex economy shows the fault of this claim.

Every month about 4 million jobs turn over in America due to people quitting for a better job, retiring, being laid off, corporate restructuring, bankruptcies, etc. Texas’ share of this natural churn is about 320,000 jobs every *month*. During the last four years this means that more than 15 million jobs have been filled. Additionally, during this time, the U.S. Bureau of Labor Statistics reports that Texas actually created 5,627,328 new jobs while shedding 5,348,238 jobs. All we can tell from the numbers is that the 225,000 immigrants in the CIS study were holding that same number of the 15 million jobs filled and the 5.6 million new jobs at the time of the Current Population Survey (CPS) conducted by the U.S. Census Bureau. In fact, they could have held and lost more than one job during the last four years. The immigrants almost get lost in this churn.

A more supportable contention in the CIS report is that, since the second quarter of 2007, the employment of foreign-born immigrants in Texas increased by 150,000 vs. an increase in employment for native-born workers of 129,000. This means that immigrants accounted for 54 percent of the net increase in jobs vs. 46 percent for native-born Americans. Here at least we have an apples to apples comparison.

But, it is important to view this data in the larger context of employment and migration within America itself. For instance, most economists admit that unemployment insurance, however needed or well-intended, increases the unemployment rate by subsidizing periods of unemployment, delaying worker reentry into the workforce. Further, with many states offering up to 99 weeks of unemployment benefits (93 weeks in Texas) the predictable macroeconomic impact would be to lower native-born employment rates while increasing the rates of employment for immigrants, especially newly-arrived immigrants, who can’t avail themselves of 99 weeks of government benefits.

In addition, there is the issue of the skill sets of new arrivals to Texas. Interstate migration to Texas has been very high at some points in the past four years, up to 1,000 people per day leaving areas of high unemployment and moving to Texas in search of work. These workers carry skills with them, not all of which

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meet the current needs of employers in Texas. Immigrants, on the other hand, range more broadly in their skill level and wage expectations, from college-educated professionals at the high-end to construction and agricultural workers at the lower-end. Without a detailed analysis of this data, the CIS study is left with making claims and drawing conclusions about policy that may be difficult to verify.

Regarding skills, prior government studies have estimated that immigrants are 30 percent more likely to start and own a business than native-born Americans, with 30 percent of new business owners in Texas being foreign-born. These immigrants create jobs for both native-born Americans and foreign-born immigrants alike. The Census Bureau reported that more than 55,000 businesses were created in Texas in both 2007 and 2008 for a total of 111,079 new businesses. In the same period 91,377 businesses died—less than 5,000 due to bankruptcy, most due to the owners retiring or moving on to do something else. This means that somewhere on the order of 33,300 new businesses were created by immigrants in Texas in 2007 and 2008. The net number of businesses created in Texas in 2007 and 2008 was 19,702. Using CIS' methodology for counting the impact of immigration on jobs it might be said that immigrants were responsible for 169 percent of *net* business creation in Texas in 2007 and 2008.

Lastly, the CIS study notes that Texas' current unemployment rate isn't much better than the national average. However, it is important to point out that Texas has received an inflow of 781,542 domestic job seekers and their families in the past 10 years, with that number accelerating more recently. This has acted to inflate the unemployment rate in Texas. On the other end of the ledger, Americans moving to Texas in search of a better life have acted to reduce the unemployment rate of states such as New York and Massachusetts where 1,570,310 and 328,695 people, respectively, have moved out. This latter point has been largely ignored in the national debate about the impact on jobs that policies on taxes, regulations and the legal climate have. ★

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