

Texas Public Policy Foundation

# Immigration's Impact on the Texas Economy

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# Immigration's Impact on the Texas Economy

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## *Executive Summary*

The state of Texas is unique in myriad ways, as its denizens can be fond of pointing out. It is the second-biggest state in the union both in population and economic might, trailing only California, as well as in land mass, behind Alaska.

Texas also shares 1,241 miles of its border with Mexico. The confluence of its proximity to Central America, along with its robust economy, has resulted in more immigrants entering the state each year than any other state, both legal and illegal.

There is no shortage of publications purporting to show that immigrants represent a drain on our economy in the form of lost jobs for Americans, increased spending on social welfare programs and law enforcement, and lost tax revenue. On the other hand, there is also a plethora of research finding that immigrants are a vibrant source of economic growth, and are largely law abiding taxpayers who contribute more than they take to government coffers. A substantial portion of this research has focused on Texas, for obvious reasons.

A sober analysis of the existing research on this topic, unencumbered by political exigencies, finds some truth in both briefs. There are certain communities where immigrants do impose a tangible cost, often when the community is least able to afford it.

However, that isn't the norm: immigrants are typically much less encumbered by familial or societal ties, and financial or emotional investment than citizens to a particular locale. They tend not to remain for long in places without a healthy economy or in a situation where they are more likely to be in need of copious public services.

Whether a strong economy attracts immigration or results from immigration is, to some degree, academic. The point remains that they tend to end up where they are needed.

The peripatetic ways of immigrants, both legal and illegal, serve as an economic lubricant—the nation relies on them to rebalance the economy so that workers and jobs are more likely to be in the same locale.

Understanding how immigration affects the Texas economy is important not just for Texans but also for the rest of the country. Discerning whether the state's economic renaissance has been helped or hindered by the out-sized presence of foreign-born workers in the state would inform policies in other states as well as the federal government.

## *Immigration and Texas*

The immigrant population in Texas has increased rapidly over the last two decades. In 1990, immigrants in the state numbered just over 1.5 million. In the next decade that number nearly doubled, and today it is well over 4 million, far outstripping the rate of overall population growth.<sup>1</sup>

Of course, Texas was once part of Mexico, and the cultural links between the state and its neighbor to the south remain strong. Ever since Texas became one of the United States, Mexican immigrants have comprised a substantial proportion of its population, but the extent of immigration has been largely determined by the prosperity and opportunity offered by the state. During the Great Depression, when jobs in the state were scarce, immigration numbers declined dramatically, while the employment boom during and after the Second World War boosted the immigrant population.

However, large-scale immigration into Texas is a relatively recent occurrence. The share of the state's population born outside the United States actually declined through most of the 20th century. It wasn't until the 1970s that immigration rates began increasing, and not until 1990 did the foreign-born share of Texas' population exceed that of the rest of the United States.<sup>2</sup>

Economic factors, most notably the rising price of oil and the resulting boom in the economy of Texas, drove the demand for new workers, while the end of the Bracero Program in 1964 led to many immigrants becoming permanent residents rather than temporary workers. During periods when high oil prices took their toll on the overall U.S. economy, Texas offered unique opportunities for workers, and immigrants recognized this.

While gas and oil play a smaller (albeit still significant) role in the Texas economy these days, the state's dynamic economy remains the main reason for the robust immigration into the state.

### ***Illegal vs. Legal Immigration***

The current national debate over immigration actually encompasses a number of distinct, albeit related issues: How many legal immigrants should be allowed into the country, how should we decide who gets to enter, to what extent should we spend resources to limit illegal immigration, and what should we do about the illegal immigrants already in our country?

For the most part the fight has centered over illegal immigrants. Many have expressed angst that undocumented workers are undercutting America's unemployed by working "off the books" for less than the minimum wage, that they are receiving government benefits while not paying into the system and that they may be over-represented in the criminal class, since they are not subject to the same scrutiny as legal immigrants or even U.S. citizens.

There is an inherent difficulty in discussing the issue of immigration due to the different natures of authorized and unauthorized immigrants, and the tendency of many studies to either lump the two together or else focus solely on one category at the expense of the other. As of January 2011, the Department of Homeland Security estimated that there are 11.5 million immigrants residing in the United States illegally, more than half of whom are from Mexico.<sup>3</sup> There are almost 50 million immigrants in the country today.

Undocumented workers pay quite a bit more into Social Security and Medicare than they receive, on balance. Illegal immigrants often "borrow" the number of an acquaintance from their country who is no longer using it for work to skirt around the law. With a valid number (even if it isn't their own), the employers can deduct payroll taxes from the paychecks, but that person won't see any benefits; besides the fact that a person has to pay into the Social Security system for ten years before qualifying for benefits, those who do lend out their numbers and manage to reach the threshold often don't file for benefits, fearing possible legal consequences of their chicanery.<sup>4</sup>

The Social Security Administration (SSA) estimates that were it not for illegal immigrants, the Social Security Trust Fund would be depleted five or six years earlier than current projections. SSA chief actuary Steve Goss estimates that the net contribution of illegal aliens into the Trust Fund totals as much as \$240 billion.<sup>5</sup>

Of course, illegal immigrants can evade payroll and income taxes by working off the books, and millions of them do precisely that, both inside and outside of Texas. However, doing so has fewer financial repercussions for Texas government, since the state does not have an income tax. Evading property or sales taxes, which is where the state gets most of its revenue, is no mean feat, either for illegal aliens or citizens alike.

Another concern is that unauthorized immigrants come to the United States in order to have children so that they will be classified as citizens. About 46 percent of unauthorized immigrants are parents to minor children, compared with 38 percent of legal immigrants and 29 percent of natives. These differences primarily reflect socioeconomic status and income, since wealthier families tend to have fewer children. Additionally, 35 percent of unauthorized immigrants have been in the country for fifteen years or longer; the longer they remain the more they come to statistically resemble citizens.<sup>6</sup>

Of course, the situation in Texas is not representative of the country as a whole due to its unique geographical and cultural position. The federal government estimated that 46 percent of the total immigrant population in Texas was undocumented, amounting to roughly 1.8 million people, or 7 percent of the state's total population. Other research suggests that the true number of illegal immigrants is probably even higher.<sup>7</sup>

### *The Heterogeneity of Texas Immigrants*

The immigrants living in Texas are a large and diverse population, working in a variety of industries and with a wide range of educational attainment. In 2013, fully one-sixth of Texas' population was made up of immigrants, comprising more than 4.3 million individual residents.<sup>8</sup> Of these, about one-third arrived in the United States before 1990 and another one-third between 1990 and 2000. The average immigrant has been in the country for 18 years.<sup>9</sup>

More than a quarter of all immigrants in the U.S.—nearly 12 million people—were born in Mexico, but it is far from the only source of immigration. Close to 7.5 million immigrants originate from East Asia, 4.9 million come from Europe and 3.7 million come from the Caribbean. Other Central American countries account for another 3 million immigrants and South America for 2.8 million.<sup>10</sup> Thus, it's a mistake to assume that all immigrants are of Latin American origin, or that they share a common culture.

Of course, the immigrant population in Texas has a greater share of Latin Americans than does the rest of the country due its status as a border state and a strong source of low-wage jobs. About 60 percent of immigrants in Texas come from Mexico, and if we include Central and South America, the number is closer to two-thirds, with Asia being the second most popular origin.<sup>11</sup>

Texas is also the most popular destination for domestic migrants, with 13 percent of those arriving from other states being foreign-born. Interestingly, migrants arriving from other states are typically more highly skilled than Texas residents, with the average domestic migrants having one more year of education than the average Texan.<sup>12</sup>

Immigrants are more likely than natives to live in urban population centers, with lower representation in rural areas. Of the major cities in Texas, Houston has the highest population share of immigrants at 23 percent, Dallas-Fort Worth at 18 percent, and Austin at 15 percent, which is just under the statewide average. Naturally, cities on or close to the Mexican border have much higher shares of immigrants.<sup>13</sup>

Immigrants are, on average, more likely to be of working age than natives. Most immigrants arrive in the United States in their mid- to late-twenties, with fewer entering who are either very young or very old.<sup>14</sup> The median age distribution of immigrants is near 35, an age when men (and a solid majority of immigrants are men) are most likely to have a wife and family and, as a result, a strong

allegiance to the work force. They are also old enough to have acquired some experience and skills, but are decades from being able to claim Social Security or Medicare.

### *Texas Gets More Than Just Low-Skilled Workers*

Texas offers unique opportunities for immigrants compared to the rest of the nation. In addition to its convenient location as a border state, Texas' labor market seems to be particularly conducive to immigrant workers. Immigrants are more likely to participate in the labor force in Texas than in other U.S. states, and are more likely to be employed. An immigrant living in Texas is one-third less likely to be unemployed than those living in other states.<sup>15</sup>

This is particularly true for immigrants who possess low levels of education or work-related skills. Immigrants lacking a high school diploma perform better in labor markets than do Texas natives with similar levels of schooling, and are more likely to be in the labor force and to be employed.<sup>16</sup> Unauthorized immigrants are in fact more likely to be in the labor force and performing a job than either legal immigrants or U.S. natives.

Immigrants comprise more than 20 percent of the Texas workforce, earning an average household income of \$55,709, which is only slightly less than the average income for native Texans at \$66,365. The average household size for immigrants is 3.5 persons compared to 2.5 for natives. Among illegal immigrants only, the average household size is 3.9 persons, and the average household income is \$43,897.<sup>17</sup>

In 2008 there were an estimated 925,000 illegal immigrants participating in the Texas labor force. Undocumented workers occupy positions in a wide variety of industries, but the most common are, in order, construction, agriculture, leisure and hospitality, professional and business services, and manufacturing.<sup>18</sup>

Among immigrants with higher levels of education, the industries with the highest immigrant concentrations are those referred to as STEM: Science, Technology, Engineering and Mathematics. Immigrants as a whole actually have a higher percentage of graduate degrees than do Texas natives, so it is not surprising to see them specializing in STEM industries.<sup>19</sup>

It is commonly asserted that illegal immigrants “steal” American jobs, while the other side of the debate insists that illegal immigrants do the jobs that Americans don't want to do. An analysis by the Center for Immigration

Studies using U.S. Census data finds that only a small percentage of occupations have a workforce that is comprised primarily of illegal immigrants, leading to the conclusion that in most cases there are Americans willing to do similar jobs to immigrants. However, the authors also conclude that very few Americans actually face significant labor competition from illegal immigrants, and those that do tend to be poor and have low levels of education.<sup>20</sup>

There has been some question over the wage effects of increased immigration on native workers, with critics claiming that the presence of a large immigrant population drives wages down. Whether this is actually the case appears to depend on what type of workers we examine. For those Americans who compete directly with immigrants for the same jobs, the wage effect has tended to be slightly negative. This is as one would expect given increased competition for any job will result in a lower wage as the competing parties attempt to outbid each other.

However, wages for native workers not in direct competition for jobs do not show this effect.<sup>21</sup> The reason for this may be that an influx of low-skilled immigrants with a poor command of the English language makes the communication skills of natives more valuable by comparison, and a wage premium for strong English skills cancels out any negative impact from the increased labor supply.<sup>22</sup>

### ***Poverty and Insurance Coverage***

Immigrants tend to be less wealthy than native Texans, and poverty rates remain high, particularly for unauthorized immigrants. Among all immigrants in Texas, 28.4 percent live in poverty, compared to 14.8 percent for natives. If we include those near the poverty line as well, that number increases to 58.4 percent compared to 34.3 percent for natives.<sup>23</sup> Among illegal immigrants, the numbers are much higher, with 30 percent living in poverty and 65 percent in or near poverty. However, these poverty numbers do not account for Texas' low cost of living. If they did, Texas' poverty numbers would be lower for both natives and immigrants.

The ability to obtain health insurance remains a problem as well, with 41.3 percent of Texas immigrants and their children uninsured, compared to 20.7 percent of natives. Fully 72 percent of illegal immigrants are without insurance as well.<sup>24</sup> Immigrants in Texas are less likely to have health insurance than immigrants in other parts of the country, with coverage gap a 19 percentage points between Texas immigrants and immigrants living in other parts of the country.<sup>25</sup>

Though some of this difference can be explained by undocumented immigrants working off the books and thus receiving no access to employer-sponsored coverage, the difference is also observed in public insurance plans such as Medicare, Medicaid and the Children's Health Insurance Program.

Some studies have suggested that uninsured immigrants represent a lower cost to the state than do uninsured natives, but this does not appear to be the case. It would seem that, on average, there is no statistically significant cost difference between the uninsured regardless of immigration status.<sup>26</sup>

### ***Economic and Social Impacts of Immigration***

There can be little doubt that the presence of a large immigrant population has a significant effect on the economy of a state like Texas, but thus far the academic research has remained divided on whether this effect is positive or negative. The reason for this is that there are many different ways in which to define costs and benefits, and the way in which these are specified will determine the outcome.

The economic and social impact of the immigrant population in Texas must be measured along a number of different dimensions, including the amount of tax revenue they bring in, the amount they consume in state-provided benefits such as medical care and education, the crime rate among immigrants, the cost of incarceration relative to natives, and their contributions and costs related to the private sector.

Furthermore, it is important to look at long-term impacts such as educational attainment, social mobility and migration to other parts of the United States.

### ***Defining Costs***

Defining the costs to a state of a resident population is a difficult thing to do precisely, and depending on the definition the estimates can vary wildly. For example, everyone benefits from police protection and the existence of roads, so it could conceivably be argued that each additional person who lives in a state contributes to the costs of maintaining these institutions.

However, these sorts of definitions are overly specific and impossible to measure, and we therefore restrict ourselves to direct costs, namely the use of government benefits, public education, and the costs of imprisonment for those immigrants who commit crimes on U.S. soil.

### ***The Overall Tax Burden on Texas Immigrants***

The tax structure in Texas, most importantly the absence of a state income tax, reduces the discrepancy between immigrants and natives in terms of tax revenue compared to other states, since income tax is far easier to avoid for undocumented workers than are property and sales tax.

In this respect, the fiscal impact on the Texas budget is not as great as it might be in another state with its own income tax. Any consumption behavior in immigrants will be taxed at normal rates, and to the extent that immigrants own property or pay rent, it would be difficult for them to avoid paying the taxes for such. As Texas has no state income tax, the losses we might expect to see to state revenue from immigrants receiving their pay under the table, do not occur.

In 2010, the state of Texas collected \$178 million in property taxes and \$1.4 billion in sales taxes from unauthorized immigrants. Unauthorized immigrants also paid a considerable amount in federal personal income taxes. Texas receives more tax revenue from unauthorized immigrants than any other state besides California.<sup>27</sup> Dividing this number by the number of unauthorized immigrants in Texas results in a per capita tax burden of roughly \$900 a year.

### ***Costs of State and Federal Benefits***

Immigrants in Texas experience higher poverty rates than natives, with about 30 percent of illegal immigrants below the poverty threshold and 65 percent in or near poverty. Consequently, we observe some reliance on public assistance programs. Approximately 58 percent of undocumented immigrants in Texas make use of a major welfare program, with 41 percent receiving Medicaid, 49 percent receiving food assistance and just 1 percent receiving cash assistance.<sup>28</sup>

Welfare use is much higher among immigrants, both legal and illegal, who have children. In Texas, 70 percent of illegal immigrant households with children make use of some welfare program, compared with 54 percent of legal immigrants with children and 38 percent of natives with children. Arizona is the only state with higher rates of welfare use by immigrant households with children.<sup>29</sup>

It is estimated that Texas Emergency Medicaid pays out \$62 million dollars a year to undocumented immigrants, the Texas Family Violence Program pays \$1.3 million, Texas CHIP Perinatal Coverage pays out \$33 million and Uncompensated Care incurs costs of \$717 million, for a total cost of \$803.3 million a year.<sup>30</sup>

If we look at all immigrants as opposed to only the undocumented, we find much lower rates of welfare use, with 45.2 percent utilizing some welfare program and an average federal income tax liability of \$2,603. Among natives, the use of any welfare program is substantially lower at 24.2 percent with an average federal tax liability of \$5,601.<sup>31</sup>

The costs of the higher participation rates of illegal immigrants are offset in part as many of them find payroll taxes deducted from their paychecks to pay for programs like Social Security and Medicare, with no practical way of ever reclaiming that money. The Seattle Times reports that in 2007, illegal immigrants nationwide contributed \$11.2 billion to the Social Security trust fund, and \$2.6 billion to Medicare.<sup>32</sup> This is money that will eventually be paid to legal residents, not the unauthorized workers who paid into the system.

### ***Education and Schooling***

Just 5 percent of the school age population has immigrated illegally, but if we include the U.S.-born children of illegal immigrants, that number increases to 14 percent.<sup>33</sup> It is estimated that there are between 125,000–150,000 illegal immigrants enrolled in Texas public schools, or about 3 percent of Texas students. The cost of educating students who are illegal aliens is estimated to be about \$1 billion a year, with the cost of educating U.S. citizens who are children of illegal immigrants costing an additional \$2 billion.<sup>34</sup>

In the realm of higher education, only about 1 percent of college students in Texas are illegal immigrants who benefit from in-state tuition laws, for a total of 12,138 students.<sup>35</sup>

Despite the low percentage of immigrants enrolled in schools, the educational attainment of immigrants is higher than we might expect. More than half of all immigrants in Texas have at least a high school degree, and 21.1 percent have graduated from college. By comparison, 30.3 percent of native-born Americans hold college degrees.<sup>36</sup>

A study from the Lone Star Foundation reports that education is actually the largest cost to the state of unauthorized immigration, since health care and law enforcement expenditures only apply to a fraction of immigrants while education is available for all. The study estimated that the overall cost of primary and secondary school education for unauthorized immigrants is \$3.75 billion a year.<sup>37</sup> The study estimates that education expenses account for 84 percent of the total cost of illegal immigration to Texas.

### ***Crime and Incarceration***

In addition to the costs defined above, there are also costs that arise purely as a result of our current immigration policy: the cost of enforcement. These are not costs associated with the presence of undocumented workers, so much as the costs of their detection and removal. These costs could be greatly reduced or eliminated by a change in immigration policy without necessarily having to reduce the number of immigrants in Texas.

The average cost of incarceration in the United States is \$79 per person per day.<sup>38</sup> In 2009, illegal immigrants in Texas spent just under three million total days in prison, a little over a quarter of all inmate days in the state.<sup>39</sup> At the average rate, this would come to a cost of \$237 million dollars annually, a cost that could be greatly reduced by reforms to immigration policy.

In 2011, the U.S. Border Patrol apprehended 125,821 illegal immigrants in Texas, while the Department of Homeland Security captured another 3,339.<sup>40</sup> Illegal immigrants make up 3.8 percent of the Texas prison population, with a total State Criminal Alien Assistance Program (SCAAP) award amount of \$29.3 million.<sup>41</sup>

It is commonly assumed that illegal immigrants are more likely to engage in criminal behavior and therefore incur costs of incarceration than either legal immigrants or natives, but in Texas, this does not appear to be the case. In 2004, illegal immigrants represented 6.2 percent of Texas' adult population, but only 5.4 percent of the state prison population.<sup>42</sup>

### ***Actual and Potential Benefits of Immigration***

The main area in which immigration can be said to benefit the state economy is by increasing the labor force and therefore the productive capacity of the state as a whole. Between 1990 and 2010, 40 percent of Texas' workforce growth came from foreign workers migrating either domestically or from other countries.<sup>43</sup>

Since the Great Recession in 2007, labor force participation rates among Americans have been plummeting sharply, with the current level at the lowest it has been in 40 years. When Americans aren't working, they aren't producing. Immigration helps to fill that gap, as well as to shore up the number of young and middle-aged workers in a population where the average age is sharply rising due to low birth rates and a large generation of Baby Boomers now entering retirement. Immigrants, both in Texas and nationally, display higher rates of labor force participation than natives across all levels of education.<sup>44</sup>

While the population of illegal immigrants decreased nationwide as a result of the recession, Texas maintained population growth of about 200,000 illegal immigrants between 2007 and 2009. The state's population is further increased by higher fertility rates among Hispanics than among whites and blacks.<sup>45</sup>

A steady influx of young, foreign-born workers helps preserve the workforce demographics and maintains productive capacity and flexibility throughout the state and local economy.

As immigrants typically command lower wages than natives, their presence in the workforce results in lower prices that benefit consumers. It is difficult to measure these gains with precision, but it has been estimated that the cost savings to consumers resulting from immigrant labor is somewhere between \$38 billion and \$75 billion nationwide.<sup>46</sup> If we weight this by Texas' population as a share of total U.S. residents, we can estimate that immigrants save Texas consumers between \$3 billion to \$6 billion a year.<sup>47</sup> It has also been estimated that low-skilled immigrants taking on roles in home-based child care have increased the supply of labor for working women in Texas.<sup>48</sup>

### ***What Other Studies Say***

Despite Texas' status as a major center of immigration, there have been relatively few studies devoted exclusively to examining the impact of immigration in the state. A far larger number of studies look at immigration in the United States in general, and the effects of illegal immigration in particular. Whenever possible, we will try to extrapolate the finds of these larger scale papers to the extent that they apply to Texas specifically.

### ***The Case That Immigrants are a Positive Influence on Texas***

The most recent comprehensive study of Texas immigration was conducted by the Federal Reserve Bank of Dallas (Dallas Fed). The authors' conclusions were highly favorable to immigrants as an important part of the Texas economy. They point to the fact that Texas immigrants enjoy better labor outcomes than their educational levels would suggest, and that unemployment rates among immigrants are actually lower than among native Texans.

The study stresses the value of additional workers and the productive capacity they bring, pointing out that specialization and comparative advantage make immigrants a useful supplement to native workers, and that far from "stealing" jobs from U.S. born workers, the labor of

immigrants complements that of natives by fulfilling different specialties.

### ***Comparative Advantage***

One of the key arguments made by the Dallas Fed involves the economic concept of comparative advantage, the idea that specialization and trade can be mutually beneficial even when one party definitively out-produces the other in all areas.

The Dallas Fed argues that immigrants have a comparative advantage in jobs that require a lot of manual labor, while native workers have an advantage in jobs that require communication or proficiency in English. For instance, 30 percent of all immigrants in the U.S. do not speak English well or at all, while 87 percent speak a language other than English at home.<sup>49</sup> In Texas, rates of English proficiency are lower than in the rest of the nation, with about 16 percent speaking no English at all, and another 24 percent having limited proficiency with the language.<sup>50</sup>

Unfortunately, the study largely avoids the specific issue of unauthorized immigration, and it is difficult to determine to what extent the authors think the presence of illegal immigrants helps, or indeed harms, the economy. In a Cato Institute study, scholar Alex Nowrasteh argues that the increased labor market flexibility caused by immigration reduces market inefficiencies and increases economic growth.<sup>51</sup>

Although now somewhat out of date, the Texas Comptroller's Office prepared a detailed economic analysis of the impact of unauthorized immigrants on the state in 2006. The conclusion of that report was that the then-1.4 million undocumented immigrants contributed \$17.7 billion to the gross state product, and provided \$424.7 million more in tax revenue than the state spent on services for them. It should be noted, however, that the report also found that costs to local governments, mainly for public education, exceeded the revenues collected from taxes, a difference of \$928.9 million.<sup>52</sup>

### ***The Case That Immigrants are a Negative Influence on Texas***

A 2005 study by the Federation for American Immigration Reform looked only at illegal immigrants in Texas, and took the staunchly different view that unauthorized immigration costs the state far more in terms of services rendered than was collected in tax revenues. Based on an analysis of the costs of education, welfare programs and incarceration, the study concluded that illegal im-

migration represents a net cost to Texas taxpayers of \$3.7 billion a year.<sup>53</sup>

In 2012, the Center for Immigration Studies released a detailed report looking at illegal immigration in the United States, with a great deal of state-level information as well. The general conclusion of that paper is that the low-skilled, low-education status of many immigrants compared to native workers represents a danger to the economies of immigrant-heavy states like Texas, with excessive levels of poverty and incomes too low to make up for the costs of social programs in terms of tax revenues.<sup>54</sup>

A Lone Star Foundation study looked at the costs of education, health care, and law enforcement and concluded that every illegal immigrant in Texas represented a net loss of \$2,333 per year for the state for a total of about \$4 billion in today's dollars.<sup>55</sup>

### ***Reconciling the Differences of Opinion***

There are good arguments to be made on both sides of this debate. From a purely numerical standpoint, the available data seem to indicate that unauthorized immigrants consume more in terms of government services than they pay in taxes, due primarily to their low-income status. However, the assertion that unauthorized immigrants rob natives of jobs and opportunities seems to be largely unfounded, given the benefits of specialization and comparative advantage. Furthermore, an exclusive focus on tax revenue as a benefit to the state economy ignores other potential gains, such as in consumption behavior, a premium on the wages of native workers whose skills have become relatively more valuable, labor market flexibility, and increased labor supply of Texan mothers.

Workers who have immigrated legally, however, do considerably better in terms of contributing to state revenues. Since they do not face the cost of concealing their labor, they have more opportunity to earn higher wages and therefore pay more in taxes than their unauthorized counterparts. It should also be noted that the enforcement of federal immigration laws plays a significant factor in the costs of unauthorized immigration in Texas.

In short, the major costs of illegal immigration stem from enforcement of the law itself and the welfare costs of supporting a population forced to live outside of the law.

### ***Conclusion***

Undocumented workers constitute a significant proportion of the Texas labor force and it is not all clear that

those jobs would be filled by Americans in their absence. Immigrants also contribute disproportionately to population growth both through migration and higher fertility rates. Additionally, even those with low levels of education and skills, immigrants have a different skill set from native workers, and so the labor market benefits from the additional specialization they bring.

The fact that Texas retains such a high immigrant population despite having generally less generous welfare programs than other states would seem to imply that the primary motivation for immigrants, both legal and unauthorized, is not simply to take advantage of government

handouts, but rather to work and raise their families in an environment that allows them the opportunity to prosper. Indeed, in some cases the costs of enforcing current immigration policy are the only reason that illegal immigration is not a net gain for the state.

In the end, the primary reason that immigrants are drawn to Texas, both from Latin America and elsewhere in the U.S., is due to the unique economic opportunities the state provides. The data show that low-skilled workers not only travel to Texas, but remain there, instead of opting for destinations with more generous social welfare programs. ★

## Notes

<sup>1</sup> [“State Immigration Data Profiles: Texas,”](#) 2013. Migration Policy Institute.

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<sup>3</sup> Hoefler, Michael, Nancy Rytina, and Bryan Baker. 2012. [“Estimates of the Unauthorized Immigration Population Residing in the United States: January 2011.”](#) Department of Homeland Security, March 2012.

<sup>4</sup> Lantigua, John. 2011. [“Illegal Immigrants Pay Social Security Tax, Won’t Benefit.”](#) *The Seattle Times*, December 28.

<sup>5</sup> Schumacher-Matos, Edward. 2010. [“How Illegal Immigrants are Helping Social Security.”](#) *The Washington Post*, September 3.

<sup>6</sup> Taylor, Paul, Mark Hugo Lopez, Jeffrey S. Passel, and Seth Motel. 2011. [“Unauthorized Immigrants: Length of Residency, Patterns of Parenthood.”](#) Pew Research Center–Hispanic Trends, December 1.

<sup>7</sup> [Hoefler and Rytina 2012.](#)

<sup>8</sup> [Migration Policy Institute 2013.](#)

<sup>9</sup> Steven Camarota. 2012. [“Immigrants in the United States, 2010: A Profile of America’s Foreign Born Population.”](#) Center for Immigration Studies, August.

<sup>10</sup> [Camarota 2012.](#)

<sup>11</sup> [Orenius and Zavodny 2013.](#)

<sup>12</sup> [Orenius and Zavodny 2013.](#)

<sup>13</sup> [Orenius and Zavodny 2013.](#)

<sup>14</sup> [Orenius and Zavodny 2013.](#)

<sup>15</sup> [Orenius and Zavodny 2013.](#)

<sup>16</sup> [Orenius and Zavodny 2013.](#)

<sup>17</sup> [Camarota 2012.](#)

<sup>18</sup> Passel, Jeffrey S., and D’Vera Cohn. 2009. [“A Portrait of Unauthorized Immigrants in the United States.”](#) Pew Hispanic Center, April 14.

<sup>19</sup> [Orenius and Zavodny 2013.](#)

<sup>20</sup> Camarota, Steven, and Karen Zeigler. 2009. [“Jobs Americans Won’t Do? A Detailed Look at Immigrant Employment by Occupation.”](#) *Center for Immigration Studies*, August.

<sup>21</sup> [Orenius and Zavodny 2013.](#)

- <sup>22</sup> Peri, Giovanni, and Chad Sparber. 2009. "[Task Specialization, Immigration, and Wages](#)." *American Economic Journal: Applied Economics*, 1(3): 135–69.
- <sup>23</sup> [Camarota 2012](#).
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