

Gone to Texas



Immigration and the Transformation of the Texas Economy

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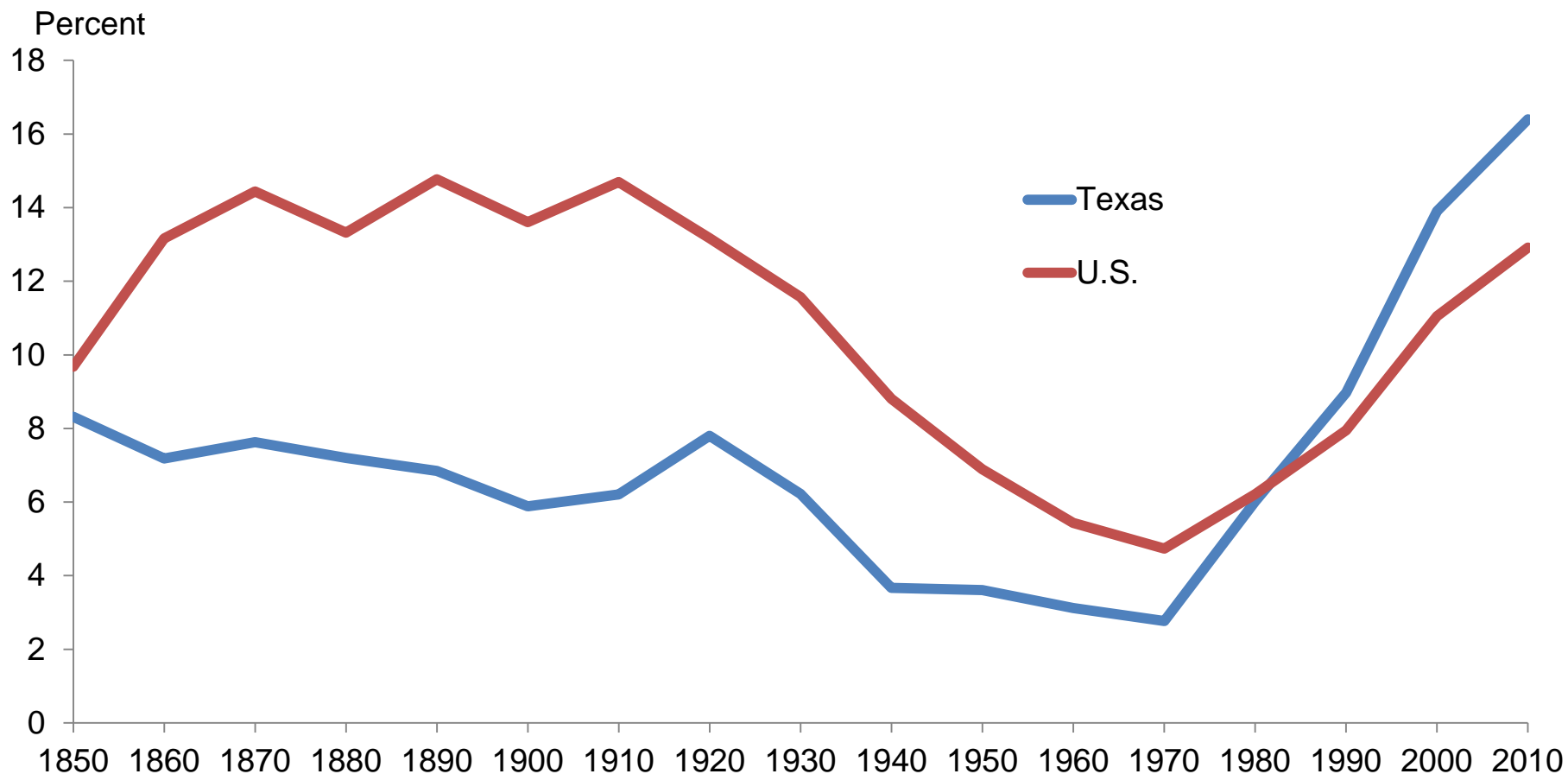
Federal Reserve Bank of Dallas

History of Immigration to Texas

- For most of its history, Texas has attracted settlers from the rest of the nation rather than abroad
 - Mexican immigrants did not begin to settle permanently until late 1970s and 1980s
- Texas' immigrant share of the population didn't surpass that of nation until late 1980s
 - Immigration in 1980s was dominated by low-skilled workers
- Oil bust provided impetus for the diversification of Texas' economy
 - 1990s Texas attracted high-skilled immigrants

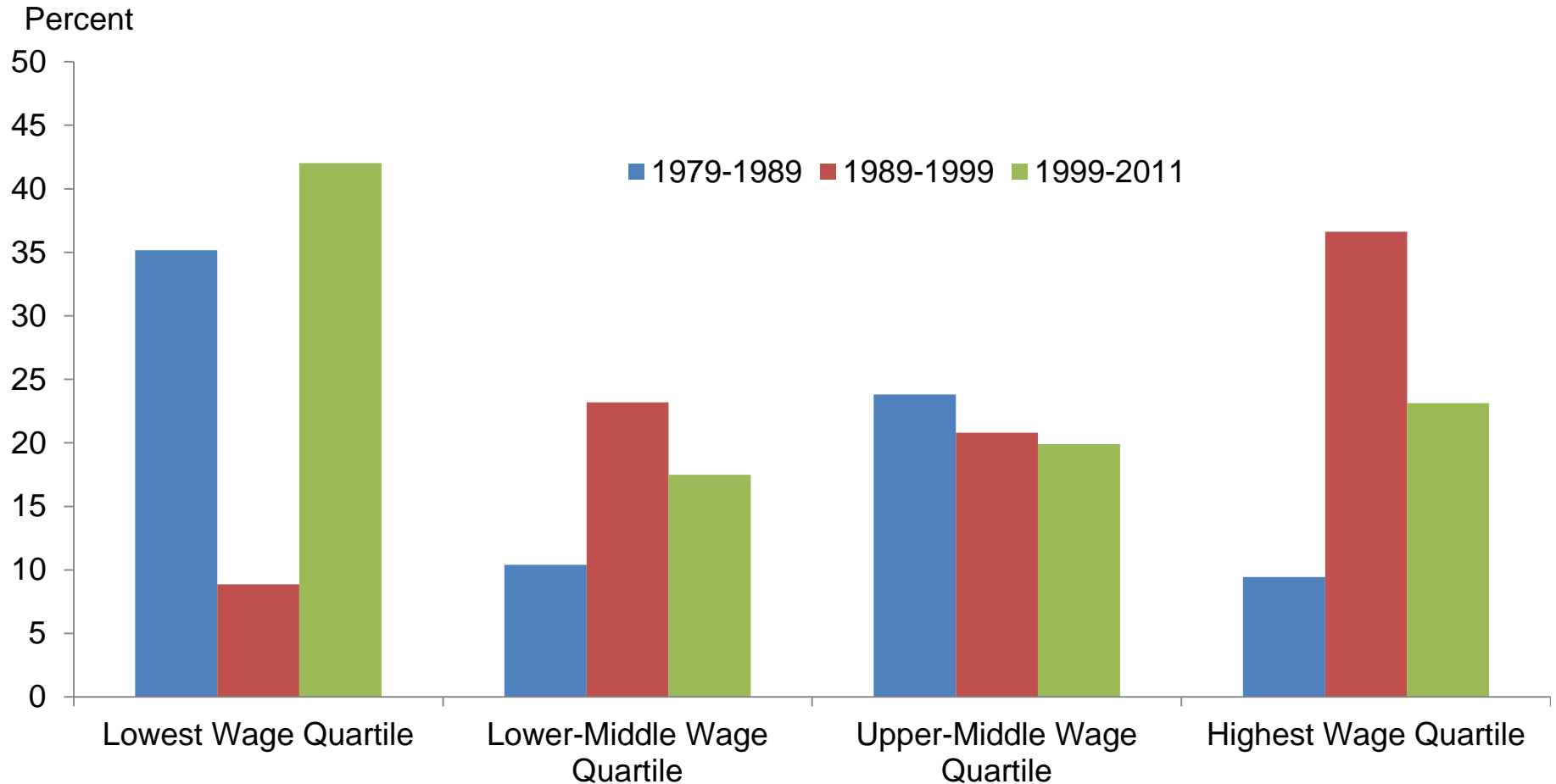
Large-Scale Immigration to Texas Is a Recent Phenomenon

Foreign-Born Population Share by Decade



SOURCES: "Historical Census Statistics on the Foreign-Born Population of the United States: 1850–2000," by Campbell Gibson and Kay Jung, Population Division Working Paper no. 81, Washington, D.C.: U.S. Census Bureau, 2006; 2010 American Community Survey.

Job growth by wage quartile and decade

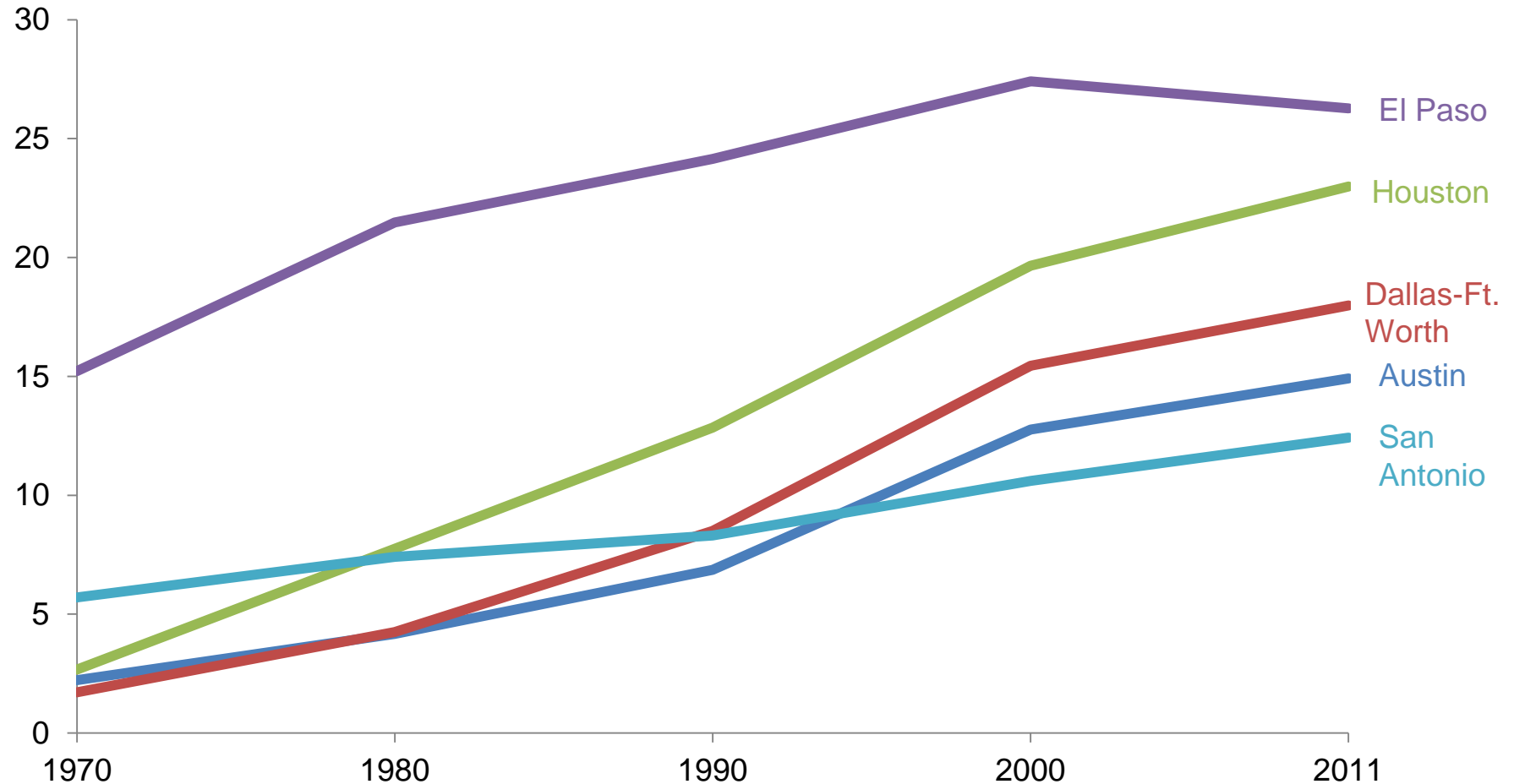


NOTE: Calculations include workers over age 15 with positive wages. Quartiles based on U.S. wage distribution in the 1980 decennial census, which refers to 1979 wages. Growth in 1999-2011 is multiplied by 10/12 for comparability. SOURCE: 1980, 1990 and 2000 Census, 2012 American Community Survey.

Texas Metros Become Global Destinations

Foreign-Born Population Share

Percent



SOURCES: 1970-2000 census; 2011 American Community Survey.

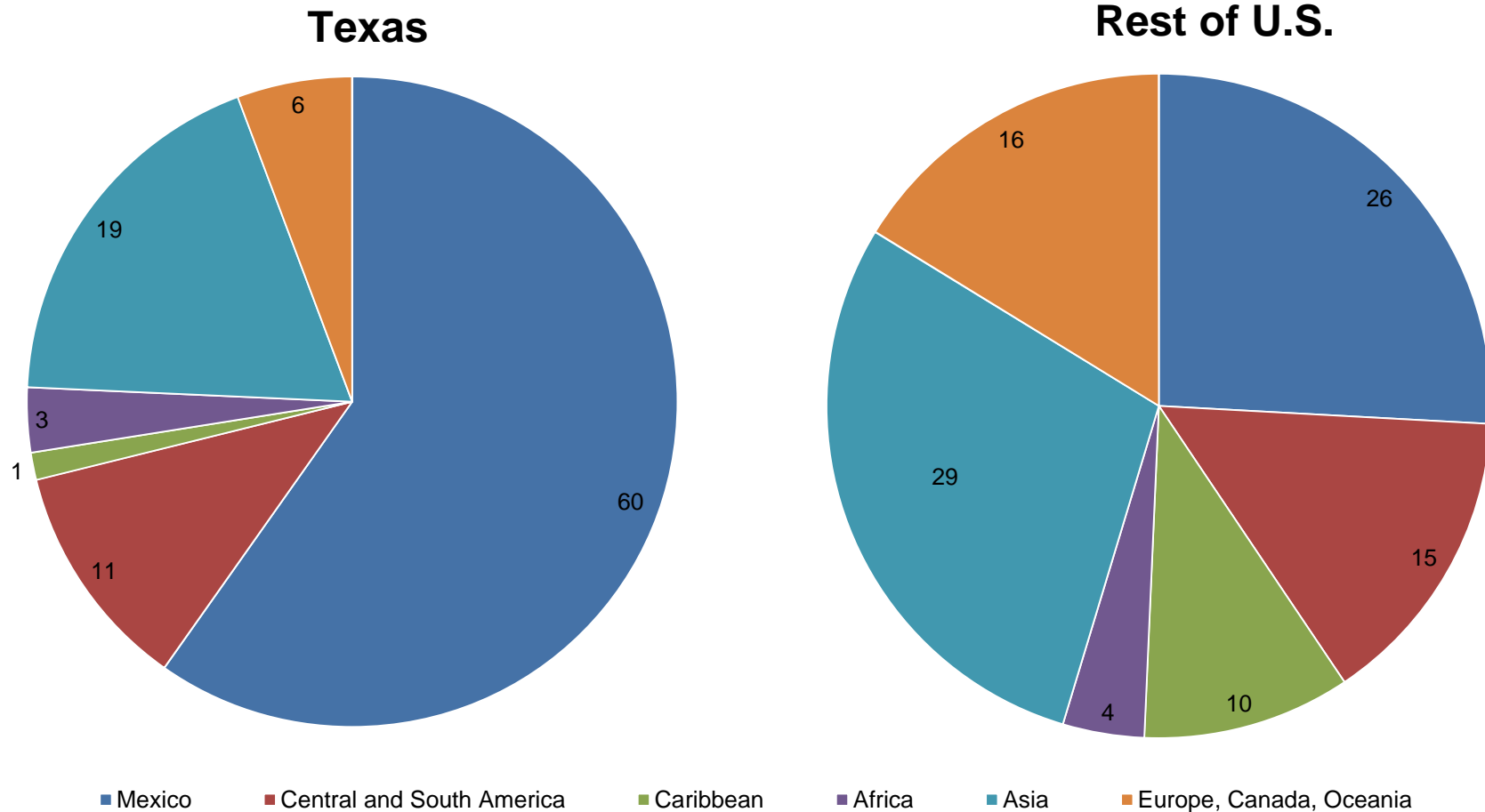
A Portrait of Texas Immigrants Today

Characteristics of Texas Immigrants

- Majority is from Mexico, followed by Asia and the rest of Latin America
 - Came to the U.S. more recently than in the rest of the nation
 - Likely to live in urban areas, especially Austin, DFW, and Houston
- Much more likely than U.S. natives to be in their prime working years
- Concentrated at the top and especially at the bottom of the education distribution
 - Texas immigrants lag the nation's in schooling
- Higher employment rates than immigrants in the rest of the nation
 - In some cases, they even out earn immigrations in the rest of the U.S.
 - Work disproportionately in “STEM” occupations as well as labor-intensive occupations such as construction and farm work

Where Are They From?

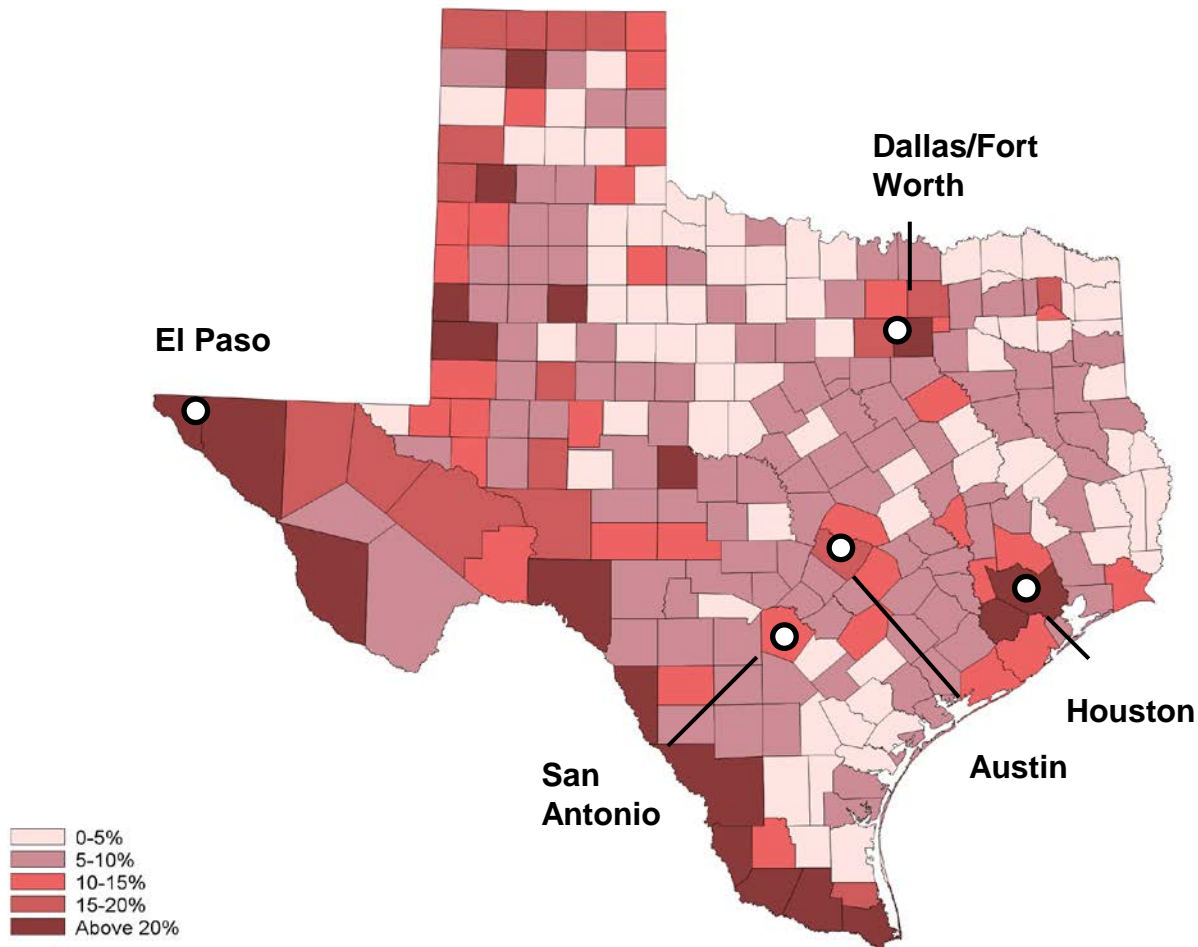
Origins of Texas and U.S. Immigrants



SOURCE: 2009-11 American Community Survey three-year estimates.

Texas Immigrants Are Concentrated in Urban Areas and Along Border

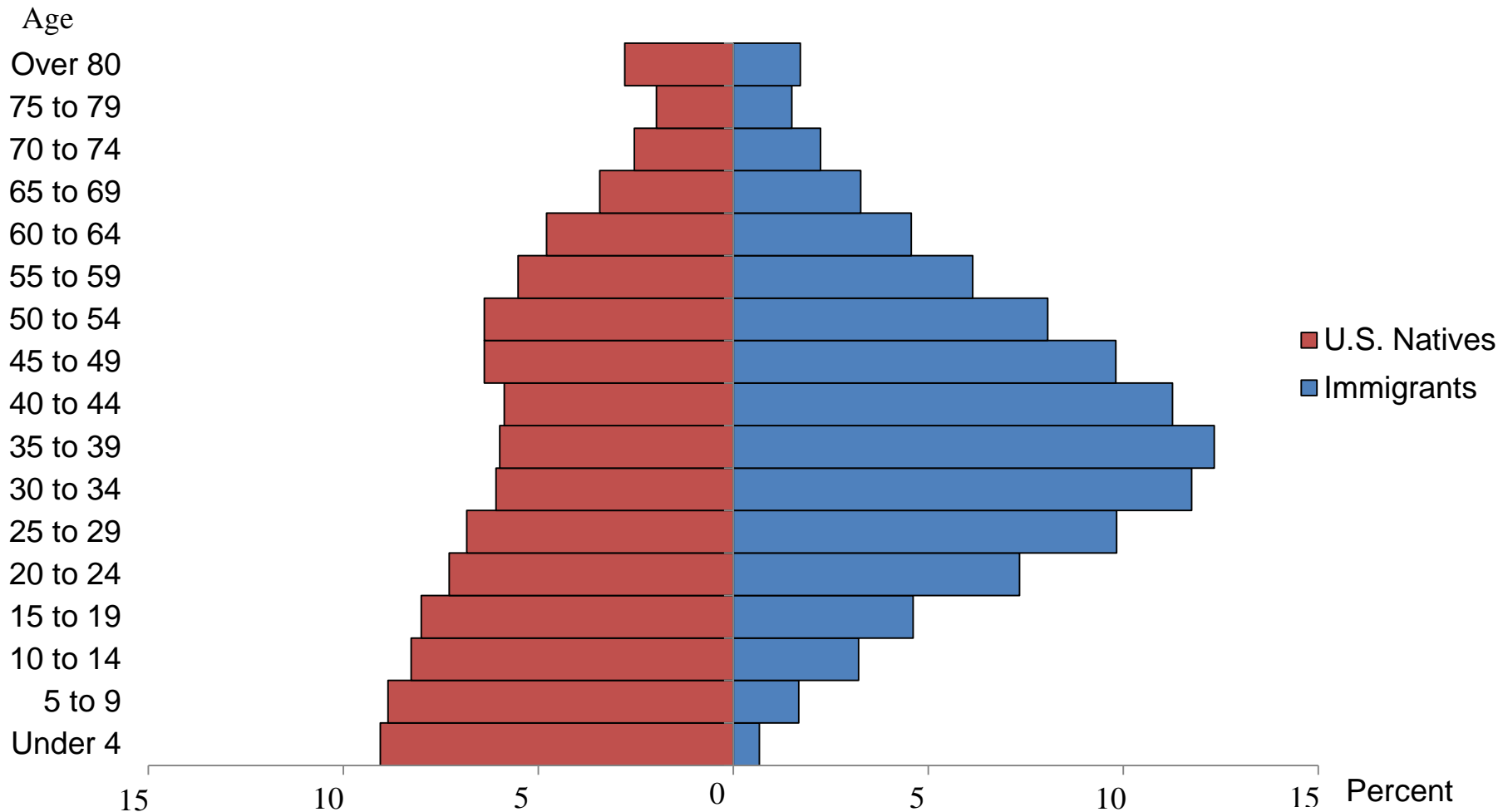
Foreign-Born Population Share, by County



SOURCE: 2007-11 American Community Survey five-year estimates.

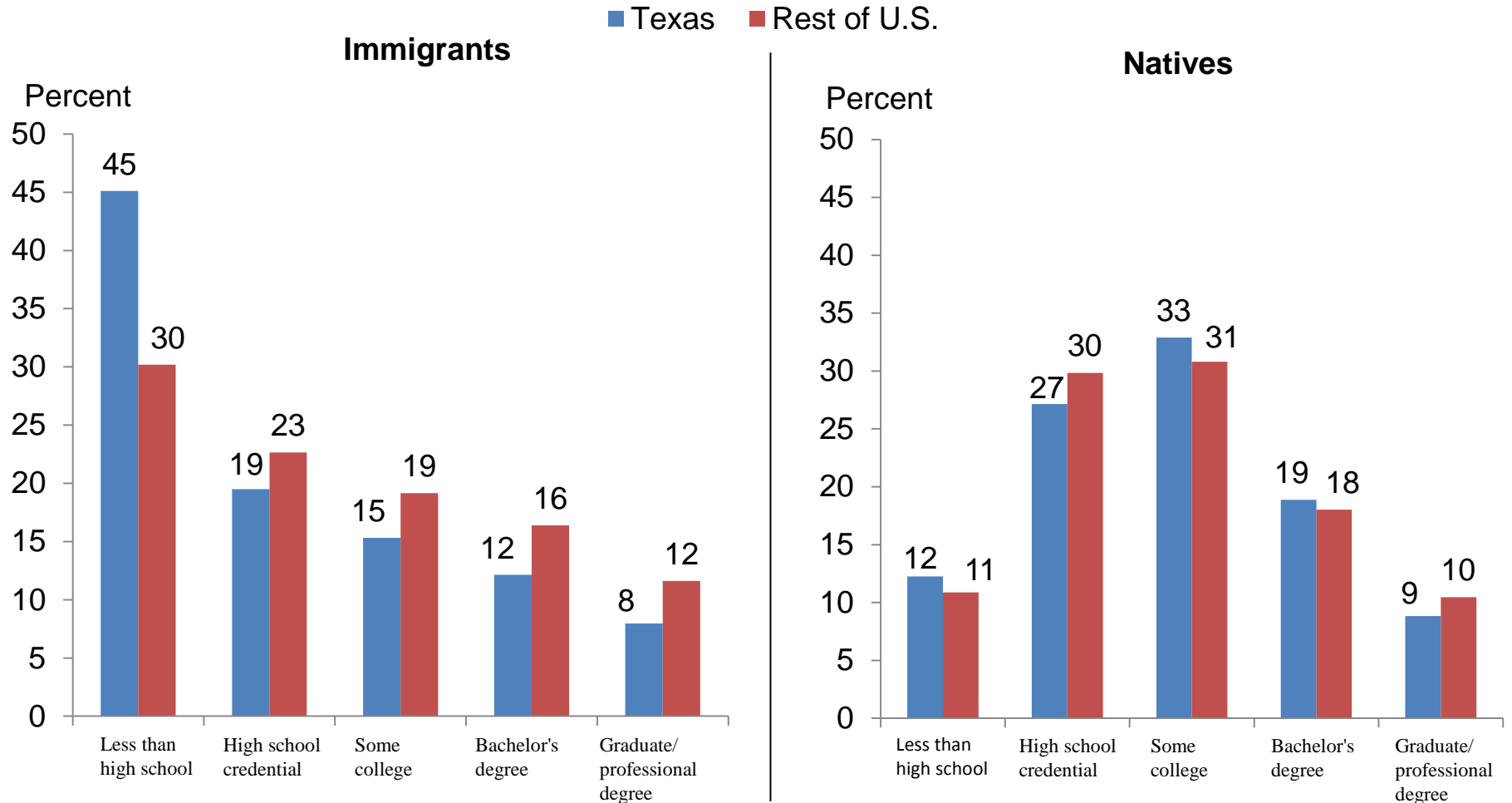
Immigrants Tend to Be of Working Age

Age Profile of Immigrants vs. Natives in Texas



SOURCE: 2009-11 American Community Survey three-year estimates.

Educational Attainment of Immigrants and Natives Inside and Outside Texas



SOURCE: 2009-11 American Community Survey three-year estimates. Calculations include individuals over age 24.

Texas Immigrants Do Well in the Labor Market

Labor Force Participation Rate

	Texas		Rest of U.S.	
	Immigrants (percent)	U.S. natives (percent)	Immigrants (percent)	U.S. natives (percent)
Less than high school credential	64.8	43.2	59.2	35.6
High School credential	67.2	64.1	65.9	58.0
Some college	75.4	69.8	71.0	68.5
Bachelor's degree	72.5	77.4	72.5	76.1
Graduate/professional degree	84.3	77.1	78.8	75.7

NOTE: Calculated for the population over age 24.

SOURCE: 2012 Current Population Survey Outgoing Rotations Group data.

Texas Immigrants Do Well in the Labor Market

Unemployment Rate

	Texas		Rest of U.S.	
	Immigrants (percent)	U.S. natives (percent)	Immigrants (percent)	U.S. natives (percent)
Less than high school credential	6.8	12.3	9.8	15.2
High School credential	6.9	6.0	7.7	8.2
Some college	4.5	5.5	8.0	7.0
Bachelor's degree	5.6	3.0	6.3	4.2
Graduate/professional degree	2.1	1.9	4.1	3.0

NOTE: Calculated for the population over age 24.

SOURCE: 2012 Current Population Survey Outgoing Rotations Group data.

Low- and High-Skilled Immigrants Earn as Much or More in Texas

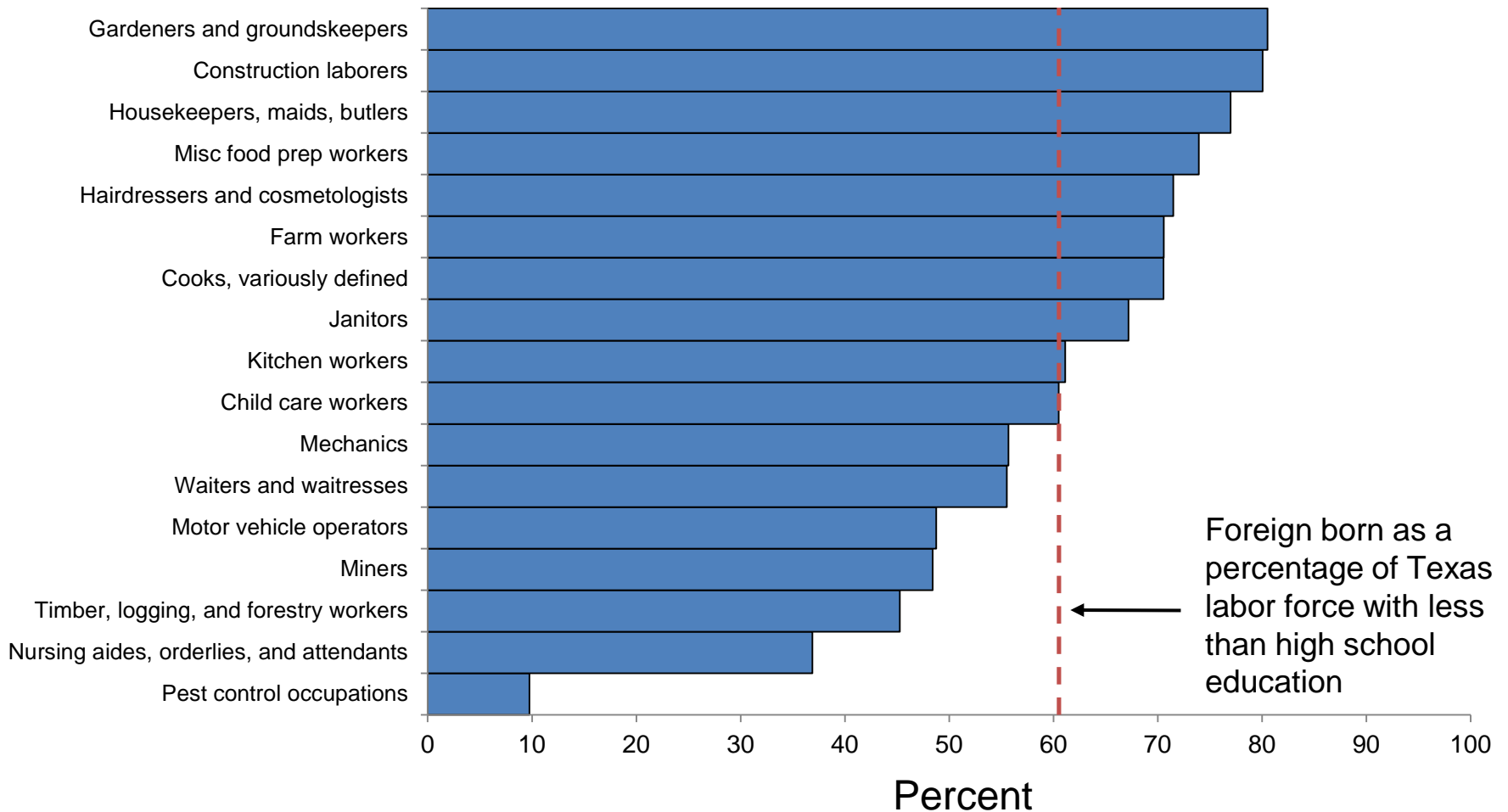
Median Weekly Earnings

	Texas		Rest of U.S.	
	Immigrants	U.S. natives	Immigrants	U.S. natives
Less than high school credential	\$401	\$423	\$399	\$439
High school credential	\$460	\$600	\$499	\$599
Some college	\$514	\$685	\$601	\$682
Bachelor's degree	\$857	\$997	\$942	\$997
Graduate/professional degree	\$1,435	\$1,180	\$1,342	\$1,265
All groups	\$496	\$757	\$597	\$767
All groups (including ages 16-24)	\$481	\$677	\$567	\$678

NOTE: Median weekly earnings are deflated using the monthly CPI-W (December 2012=100) and are conditional on being employed, over age 24, with positive earnings.

SOURCE: 2012 Current Population Survey Outgoing Rotations Group data.

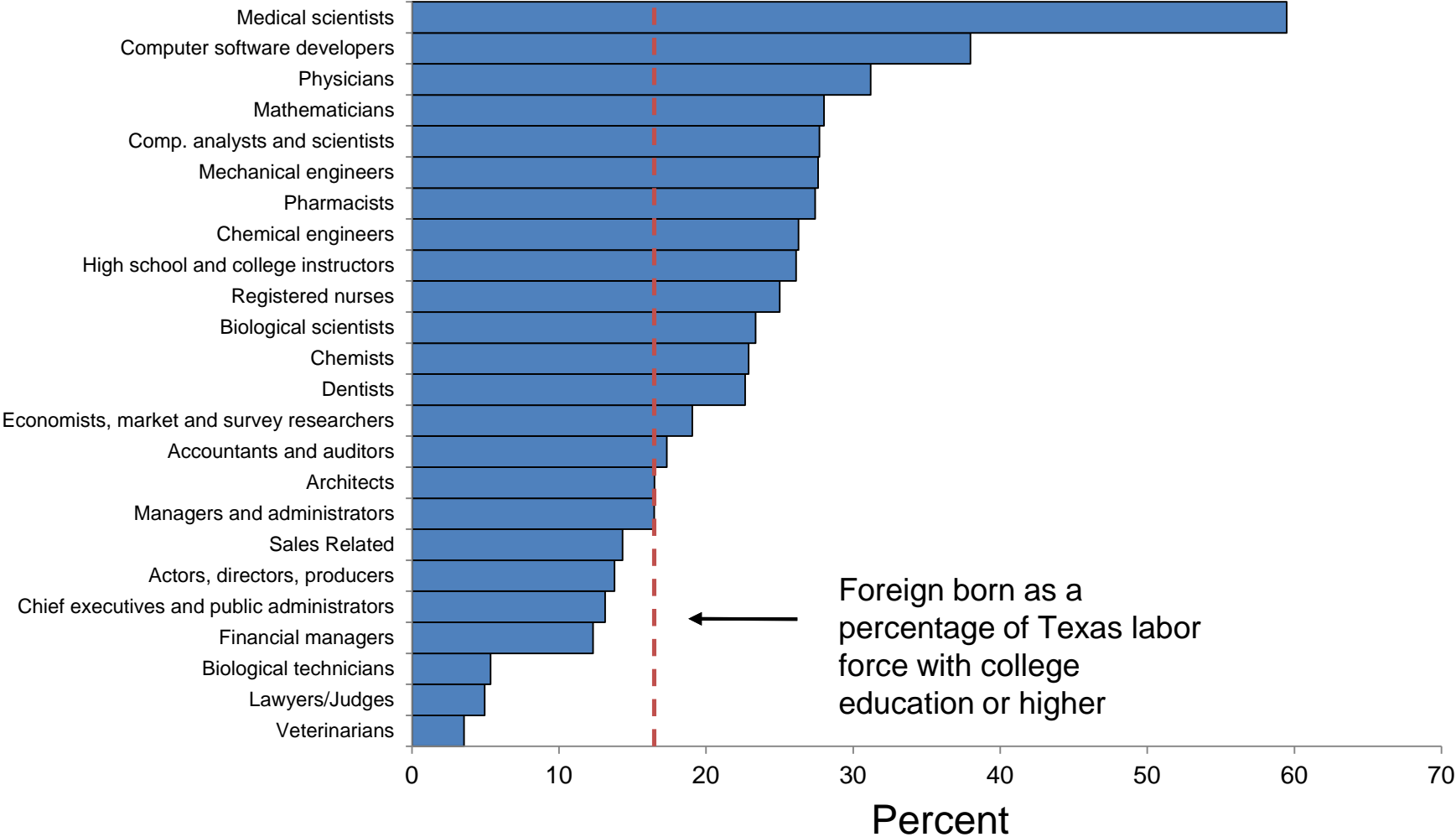
Low-Skilled Immigrants Concentrated in Services, Construction and Ag Jobs



Note: Percentage of foreign-born Texas workers over age 24 with less than high school education for selected occupations.

Source: 2009-11 American Community Survey three-year estimates.

High-Skilled Immigrants Fill STEM Jobs



Note: Percentage of foreign-born Texas workers over age 24 with college education or higher for selected occupations.

Source: 2009-11 American Community Survey three-year estimates.

Illegal Immigration to Texas

Illegal Immigrants in Texas

- ‘Americans’ were the first illegal immigrants to Texas
 - In the early 20th century: Chinese and Europeans
 - Mexicans were exempt from the quotas and tests, in high demand
- The Bracero Program was created in 1942 to allow Mexican workers to take temporary agricultural jobs
 - Texas was originally excluded, leading to illegal immigration
 - No law against hiring unauthorized workers
- Today, 1.8 million unauthorized immigrants live in Texas
 - 43 percent of the foreign-born population
- Public and political attitudes towards unauthorized immigrants are more moderate in Texas than in other states

Economic Effects of Immigration

Economic Effects

- Immigration increases the labor force, especially as U.S. native population ages more rapidly
- Native population benefits through lower prices of immigrant-produced goods and services, higher returns on capital and land
- Increased specialization leads to higher productivity
- Texas immigrants' success does not appear to have come at natives' expense
 - Migration endogenous to growth, relieved bottlenecks and accompanied by capital inflows

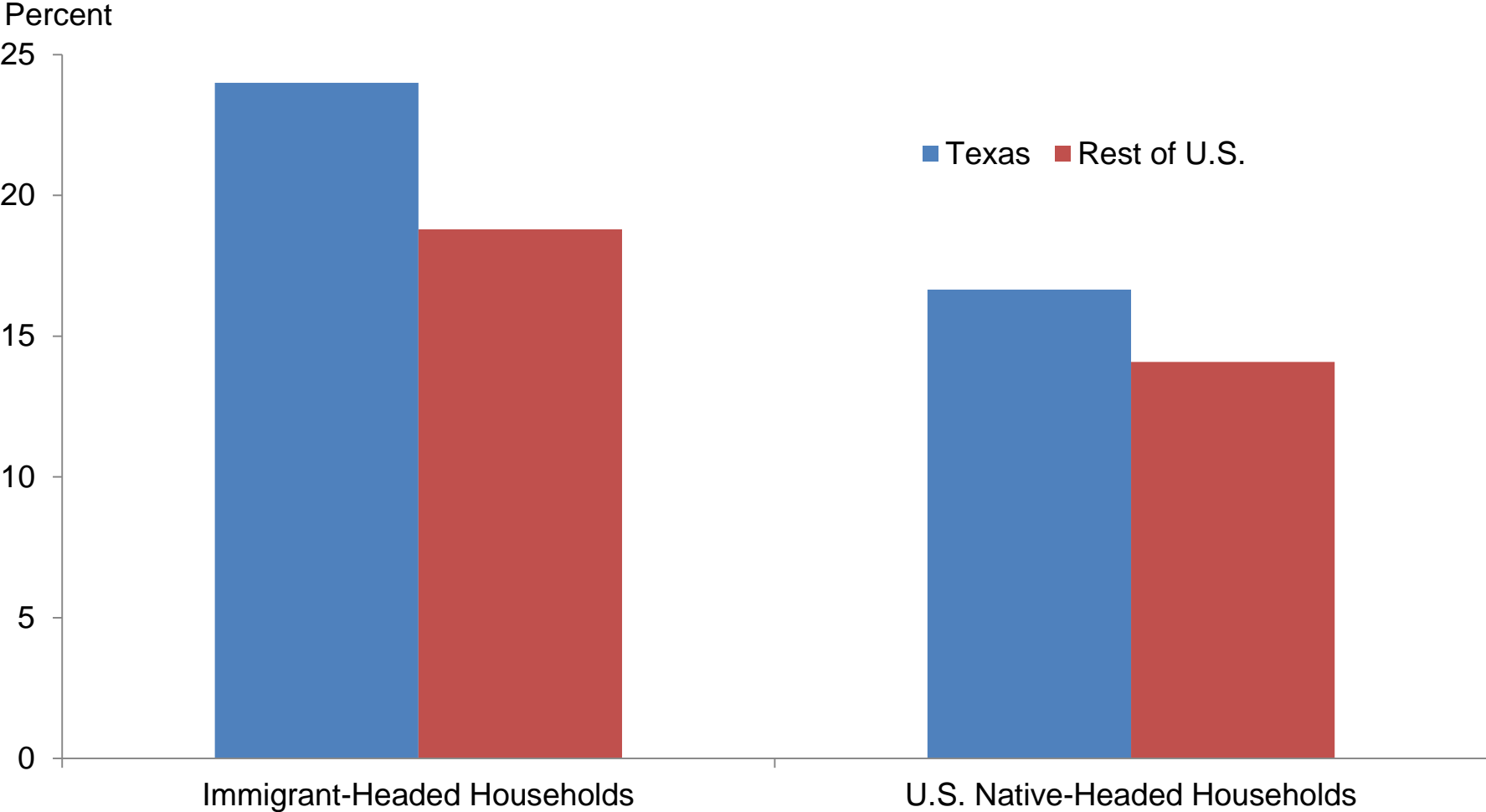
Challenges Posed by Immigration

Challenges Posed by Immigration

- Immigrants more likely than natives to be poor, and the gap is larger in Texas
 - However, poverty measures do not take into account Texas' lower costs of living
- Fewer immigrants in Texas report speaking English well than in the rest of the nation
- Some fiscal costs for state and local government, such as public education
 - Texas' tax system reduces these costs, since all workers pay taxes on retail sales and on property
- Immigrants in Texas have slightly higher participation in TANF, SNAP, SSI and Medicaid
 - Much less likely to have health coverage

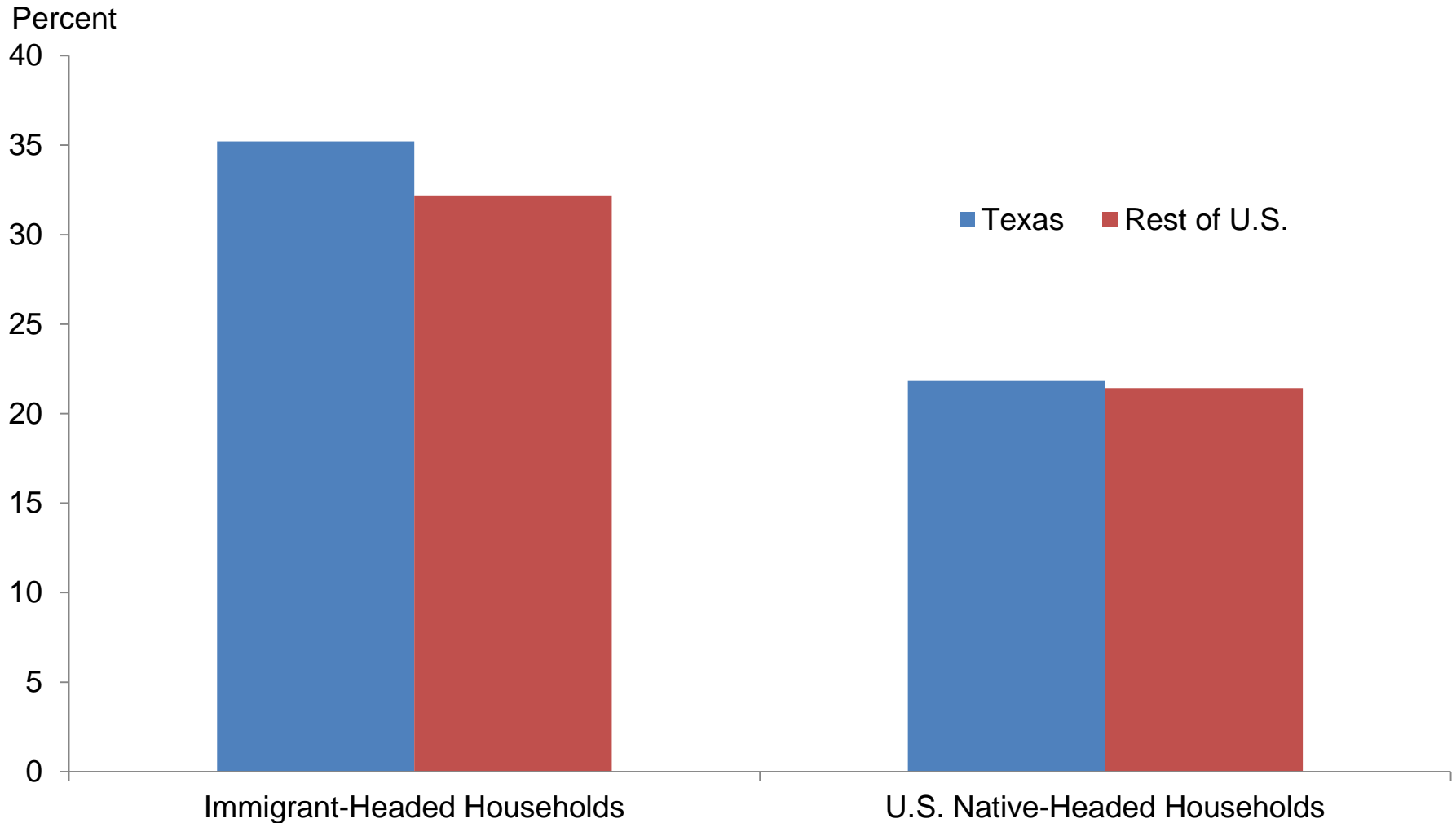
Immigrant Poverty Rates Higher in Texas

Poverty Rates by Nativity



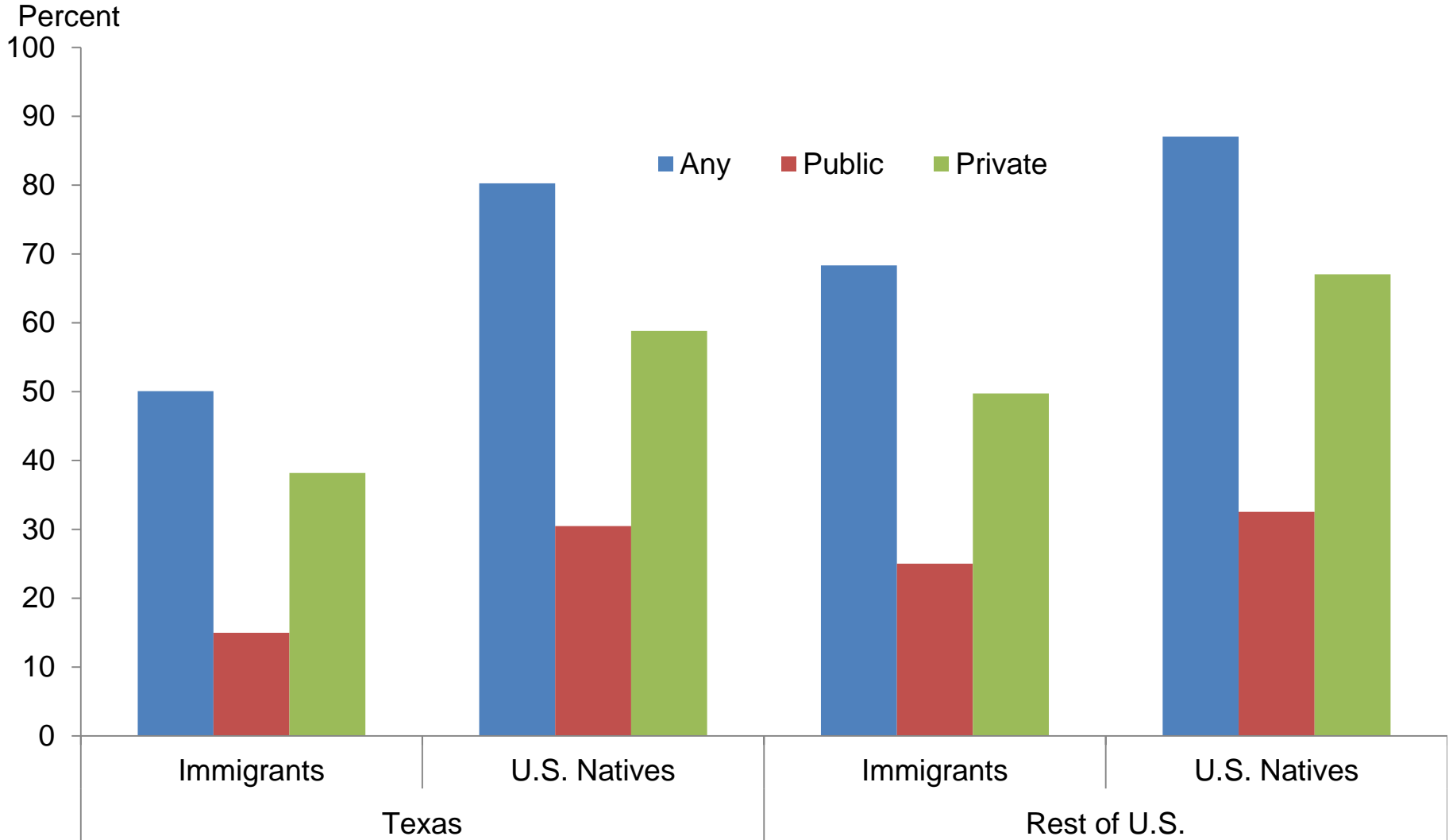
SOURCE: Current Population Surveys for March 2010-12.

Immigrant Welfare Participation Slightly Higher in Texas



SOURCE: Current Population Surveys for March 2010-12.

Immigrant's Health Insurance Coverage Much Lower in Texas



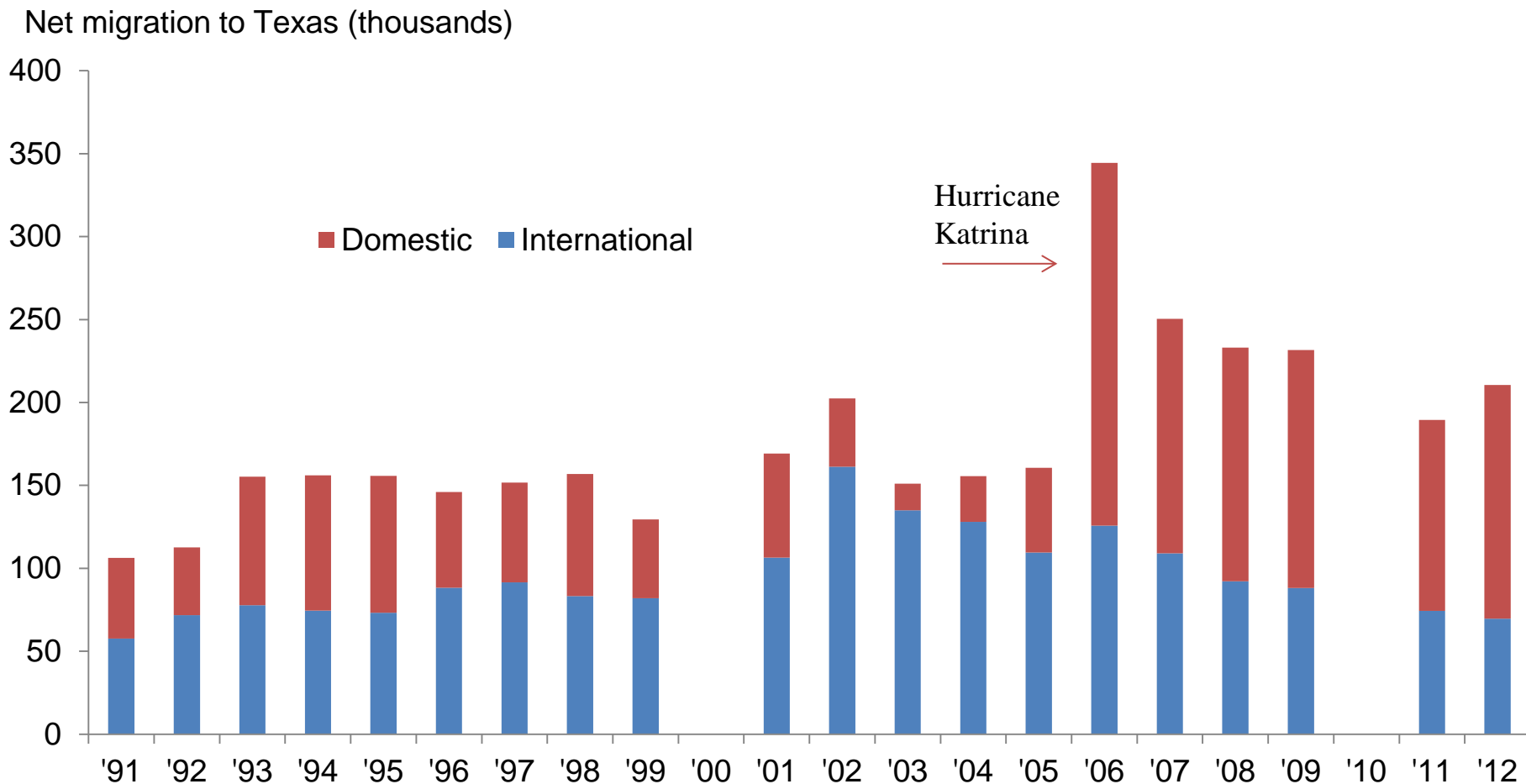
SOURCE: Current Population Surveys for March 2010-12.

Domestic Migration

Migration from Other States

- Texas has been the top destination for domestic migrants since 2006.
 - Increased dramatically in the wake of Hurricane Katrina, began to outnumber international migration
- Skewed to high-skilled labor
 - Migrants from other states are more likely than the Texas population to have a bachelor's, graduate, or professional degree
- Almost a quarter of domestic migrants come from California
 - Texas has lost residents on net to only 10 states since 2005, mainly other “energy” states

Texas Is Top Destination for Domestic Migrants Since 2006

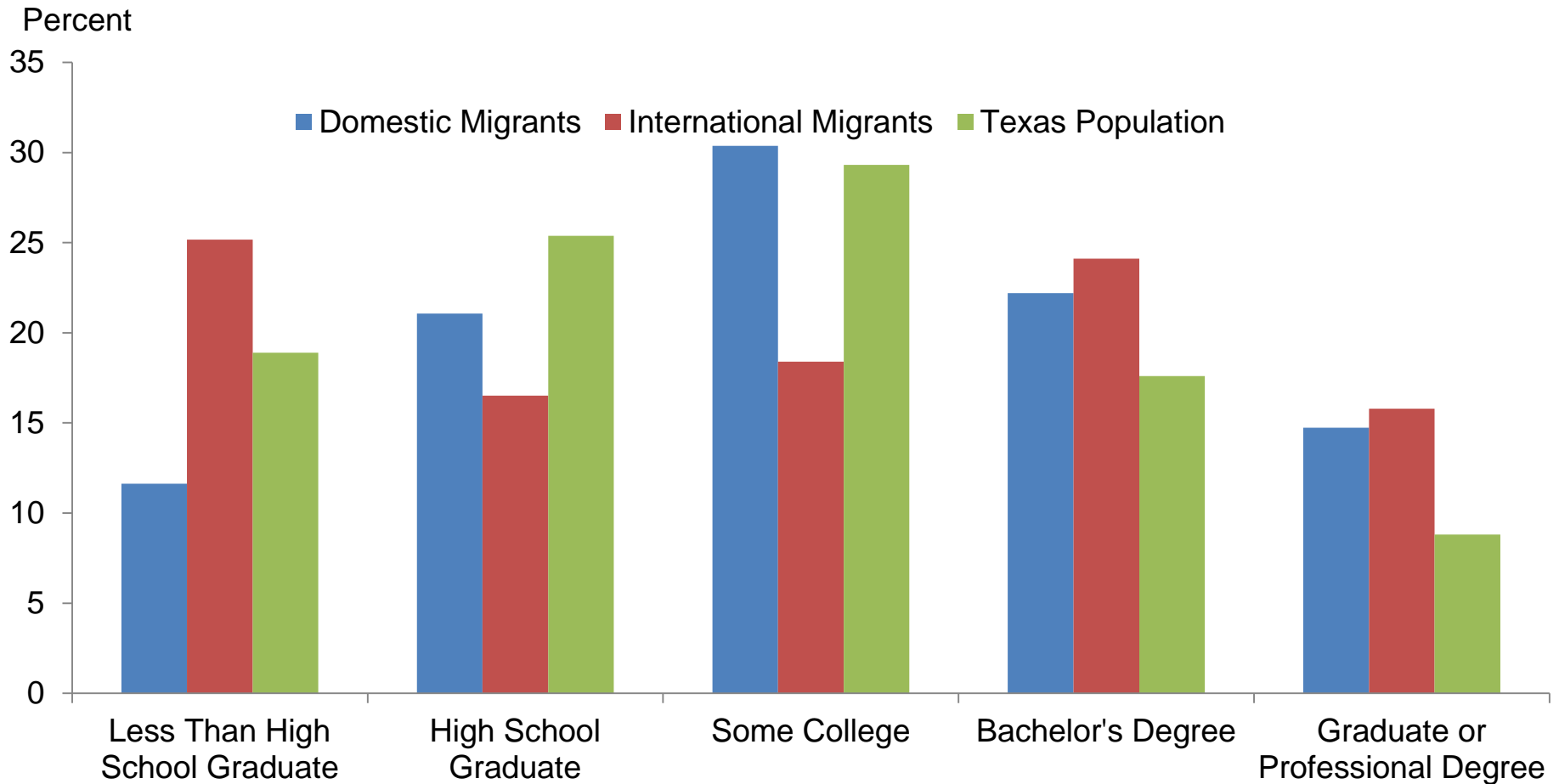


SOURCE: U.S. Census Bureau.

NOTES: Census Bureau population estimates approximate the population on July 1 of the year indicated and thus capture changes from the previous year. Data are not available for decennial census years.

New Arrivals a Key Source of Skilled Workers

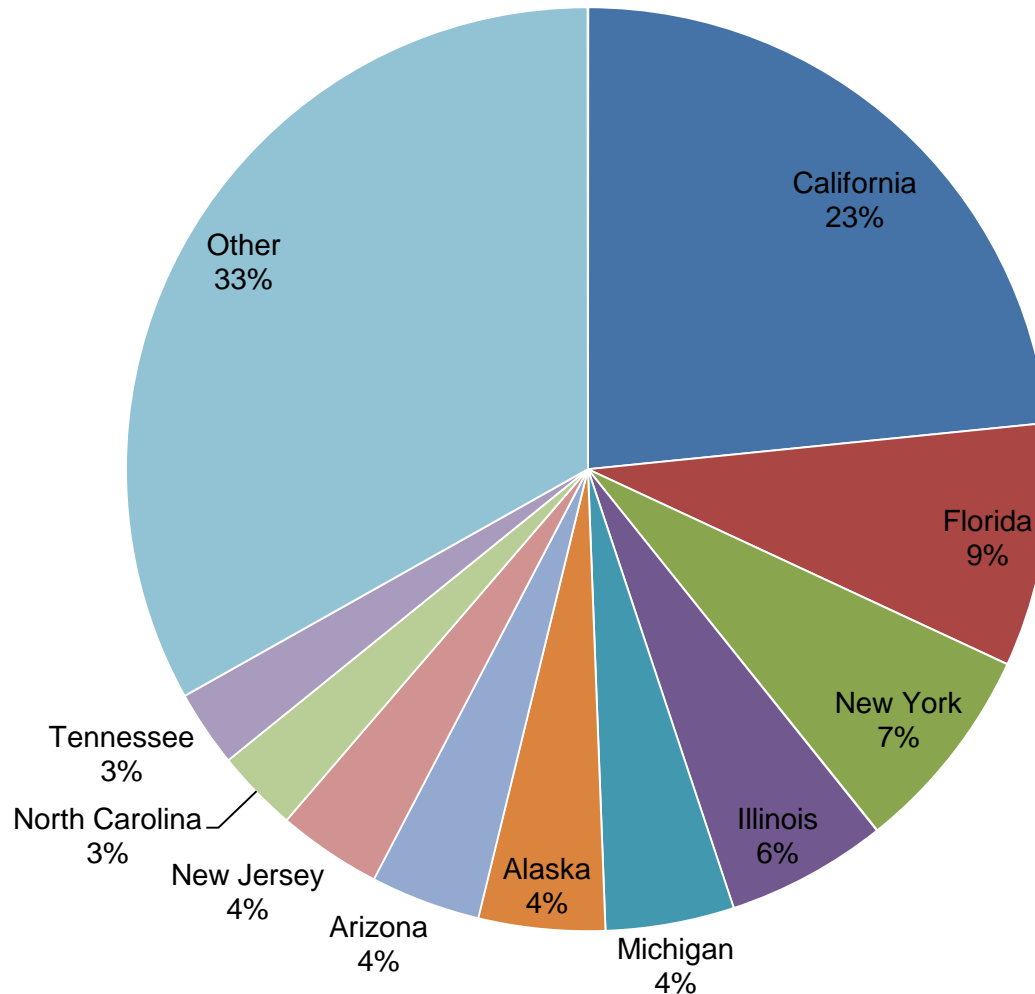
Educational Attainment of New Arrivals



NOTE: Calculations include individuals over age 24.

SOURCE: 2010-2012 American Community Survey three-year estimates.

California is Top Sending State for Migration to Texas



SOURCE: 2006-12 American Community Survey.

What Texas Has Learned

Lessons from Decades of Immigration

- Texas economy has inherent strengths, such as natural resources, that set it apart
 - Booms and busts of energy sector necessitate diversification
- People relocate to Texas due to abundant job opportunities, low cost of living, and relatively low tax burden
- Low-skilled workers come to Texas despite skimpy safety net and lower levels of public services
- Rapid economic growth generates labor inflow, and policy that does not take into account both supply and demand factors may become irrelevant



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Texas Immigrants Do Well in the Labor Market

Employment-to-population rate

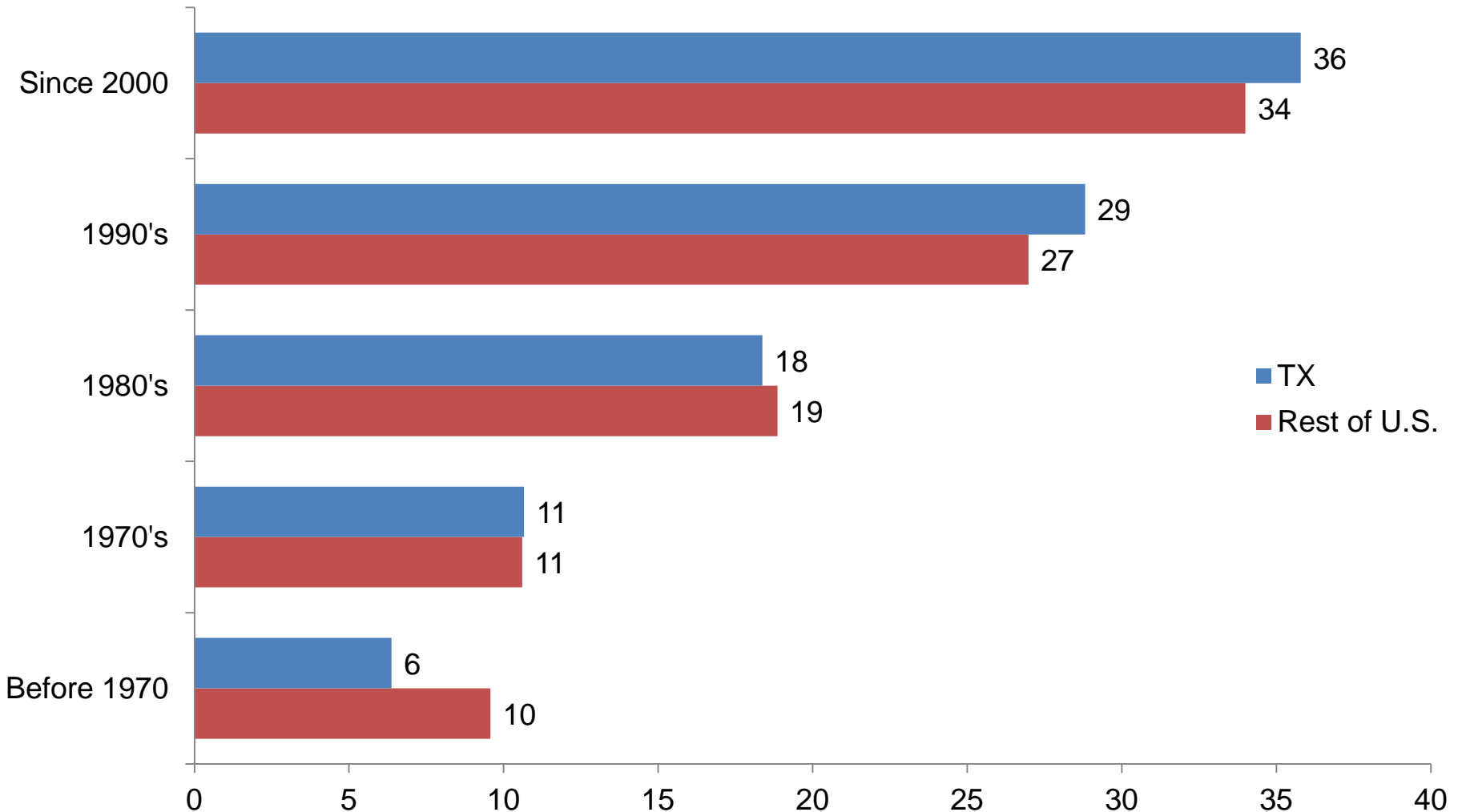
	Texas		Rest of U.S.	
	Immigrants (percent)	U.S. natives (percent)	Immigrants (percent)	U.S. natives (percent)
Less than high school credential	60.4	37.9	53.4	30.1
High School credential	62.6	60.3	60.8	53.2
Some college	71.9	66.0	65.3	63.7
Bachelor's degree	68.4	75.0	68.0	72.9
Graduate/professional degree	82.6	75.7	75.6	73.4

NOTE: Calculated for the population over age 24.

SOURCE: 2012 Current Population Survey Outgoing Rotations Group data.

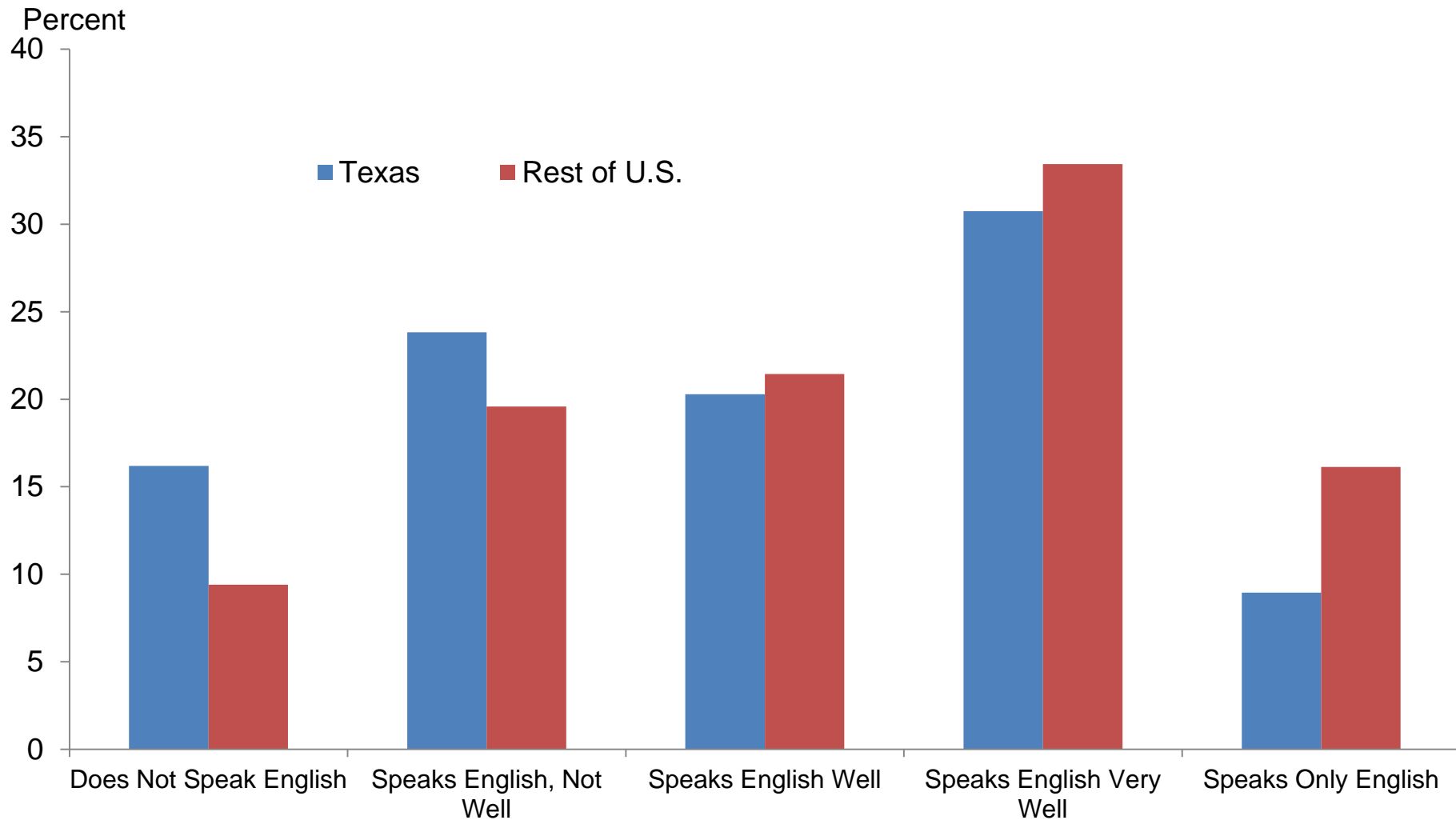
Immigration to Texas Got a Late Start

Arrival Dates of Immigrants



SOURCE: 2009-11 American Community Survey three-year estimates.

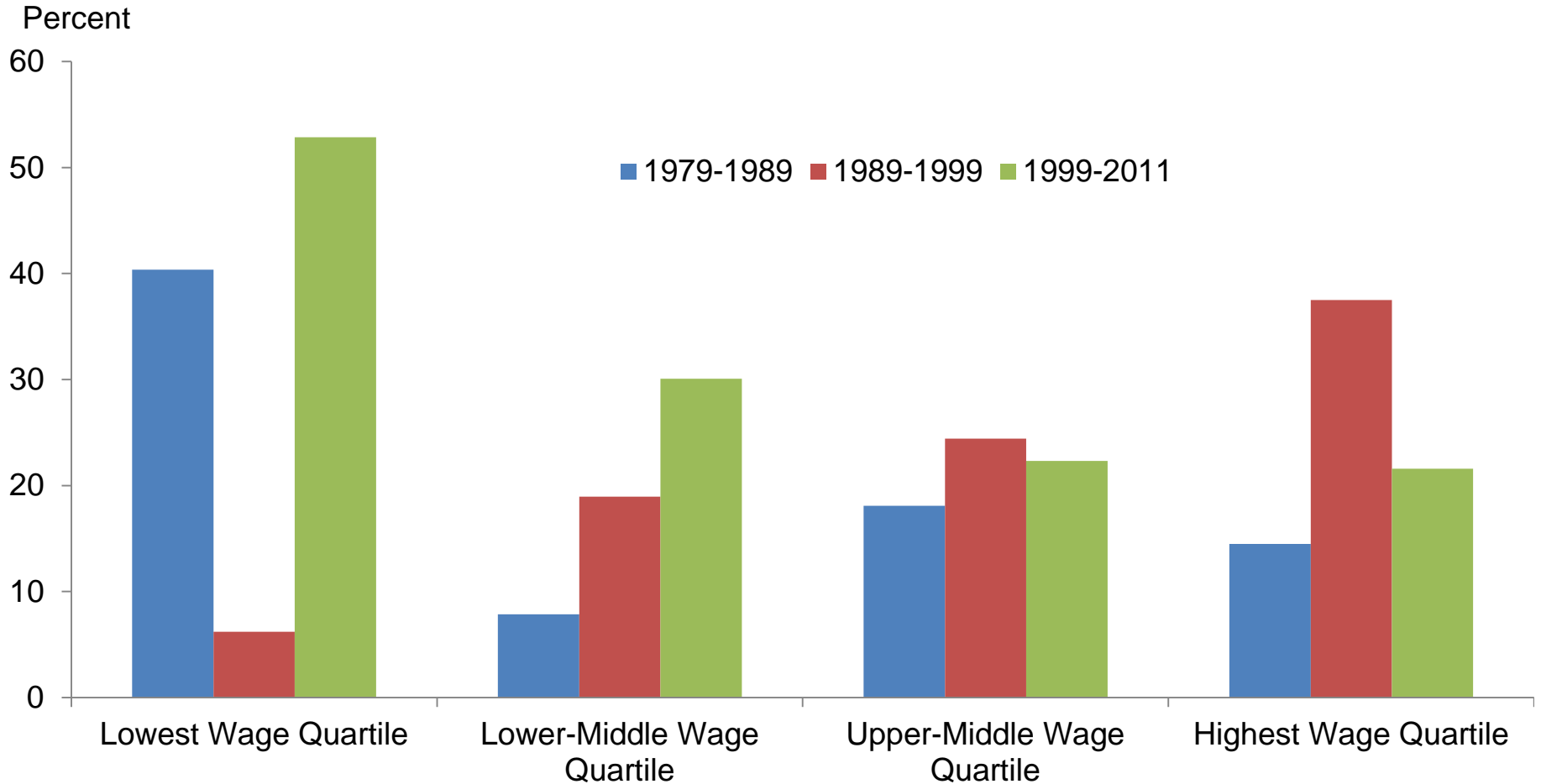
Immigrant's English Proficiency Lower in Texas



SOURCE: 2009-11 American Community Survey three-year estimates.

Title (TX QUARTILES)

Job Growth by Decade in Texas

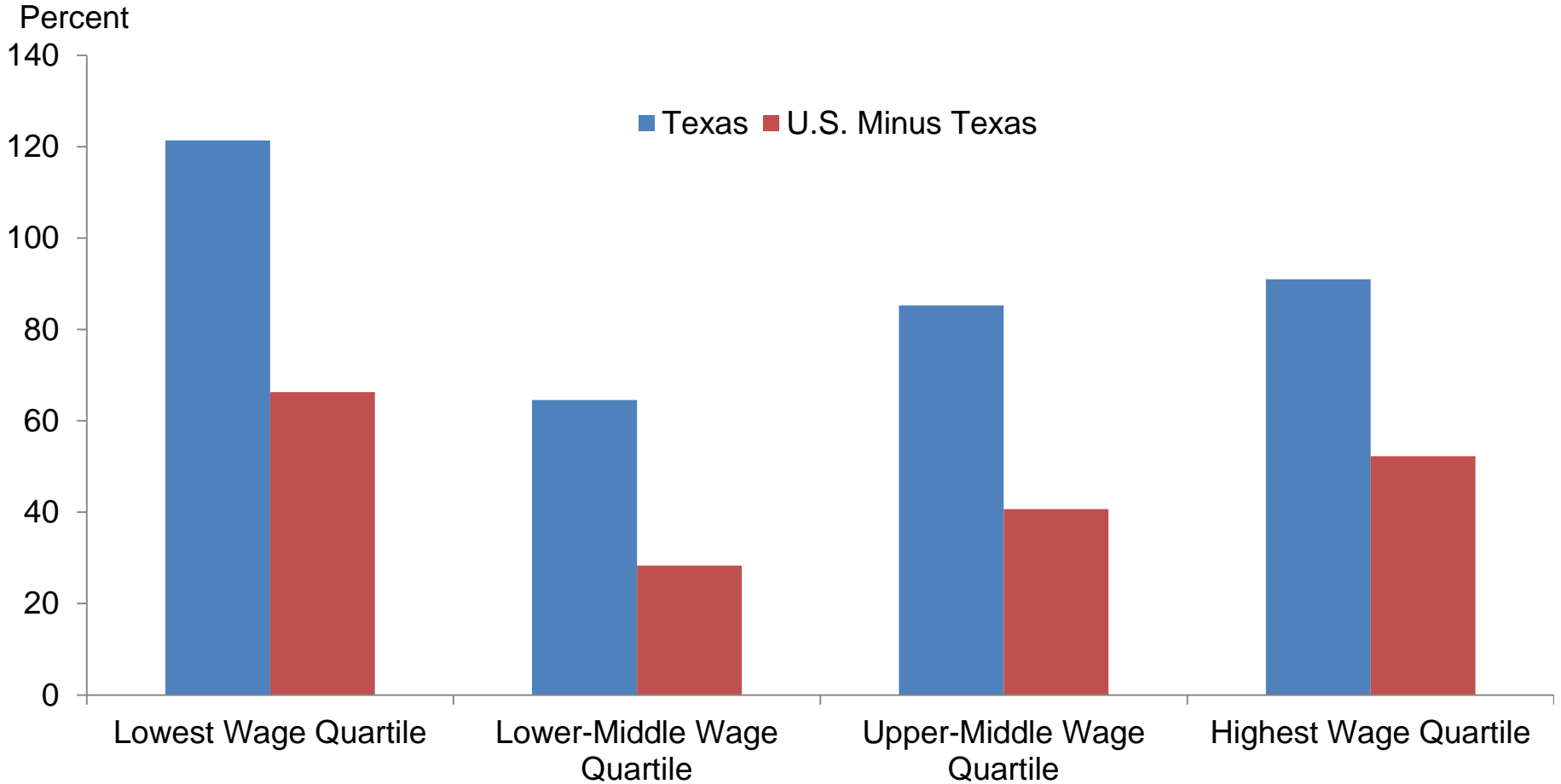


NOTE: Calculations include workers over age 15 with positive wages. Quartiles based on Texas wage distribution in the 1980 decennial census, which refers to 1979 wages.

SOURCE: 1980, 1990 and 2000 Census, 2012 American Community Survey.

Title

Change in Employment 1979-2011



NOTE: Calculations include workers over age 15 with positive wages. Quartiles based on U.S. wage distribution in the 1980 decennial census, which refers to 1979 wages.

SOURCE: 1980 Census, 2012 American Community Survey.