

Executive Summary

This is a study of the economic and fiscal contributions of international immigrants in the state of Kansas. The study concludes that immigrants are an integral part of the Kansas economy. Substantially reducing the number of foreign born individuals who have jobs in the state of Kansas would have negative consequences for native employment and income as well as causing a significant deterioration of the state's fiscal situation. Other major findings are:

- International immigration is responsible for almost all of the recent population growth of the state of Kansas.
- The international immigration process in Kansas is selective of young males from Mexico and Central America.
- Unauthorized immigration has slowed in recent years.
- There is a large concentration of immigrants residing in southwestern Kansas. Without this population, the agribusiness of southwestern Kansas would have difficulty recruiting labor. The other geographic concentration of the immigrant population is in large cities.
- Immigrants are more likely to have jobs than non-immigrants.
- Immigrants are overrepresented in the construction and manufacturing (meat packing) industries.
- Immigrants are overrepresented in both the highest skilled occupations and the lowest skilled occupations, and they are concentrated at both extremes of the spectrum of educational attainment.
- The linkages of immigrant jobs with the rest of the Kansas economy are such that an immigrant job creates almost one additional job.
- Immigrants pay slightly more state and local taxes per capita than do non-immigrants. Immigrants from Mexico and Central America pay slightly less, and unauthorized immigrants pay about 75% of non-immigrant per capita state and local taxes.
- Each dollar of state and local tax revenue generated by the average immigrant job results in more than an additional dollar of state and local taxes.
- The cost of educating native children of immigrants in the K-12 public school system is much larger than the cost of educating immigrant children.
- Immigrants more than pay for the state services they use with the state and local taxes they generate directly.
- Unauthorized immigrants pay for the state services they use with the tax revenue their jobs generate directly.

Center for Economic Information

Kansas City, January 10, 2013

Immigrant Profile

For the purpose of this study, an international immigrant (hereafter immigrant) is defined as a person who was not born in the United States.¹ The study addresses first generation immigrants only and therefore does not address the ethnicity of all Kansas residents. It does address the ethnicity of Kansas residents who were not born in the United States.

The first section of the study presents a profile of immigrants. In many cases it makes sense to compare immigrants with the native born population, and therefore many of the data tables also include information regarding the native born population. By native born, we mean born in the United States, or born abroad to parents at least one of whom is a US citizen. In this study we will refer to three immigrant categories – all immigrants, immigrants from Mexico and Central America, and unauthorized immigrants. Table 1 and Chart 1 show the nativity of immigrants in the last three years for which data was available at the time of writing. Immigrants made up almost 6.4% of the population of the state of Kansas in 2010. Over half of immigrants (54%) are from Mexico and Central America.² The immigrant population is growing significantly faster than the native population. A more detailed list of origins of Kansas Immigrants is included in Data Appendix Table A.1.

Table 1				
Birthplace of Kansas Residents				
Region of Nativity	2008	2009	2010	Growth+
Mexico & Central America	92523	96524	95762	3.50%
Asia	41540	45099	46087	10.95%
Europe	14258	16455	14707	3.15%
Africa	8462	8780	8834	4.40%
South America & Caribbean	6451	5883	6826	5.81%
Middle East	4864	2563	2933	-39.70%
Canada	3617	3318	3492	-3.46%
Other	562	509	515	-8.36%
All Immigrants	172277	179131	179175	4.00%
United States	2629857	2639591	2630081	0.01%

Source: US Census Bureau, American Community Survey, authors calculations.
+ percentage growth from 2008 to 2010

¹ The only exception to this definition is individuals who are born abroad with one or more US citizens as parents.

² All survey data are subject to sampling error. The reader should interpret survey results as a midpoint of an interval. The size of the interval depends number of factors. Broadly speaking, the more information we have about something (sample size) the smaller the interval (in percentage terms). So in Table 1, for example, we can speak with more precision about the immigrant population from Mexico and Central America than we can about the immigrant population from the Middle East.

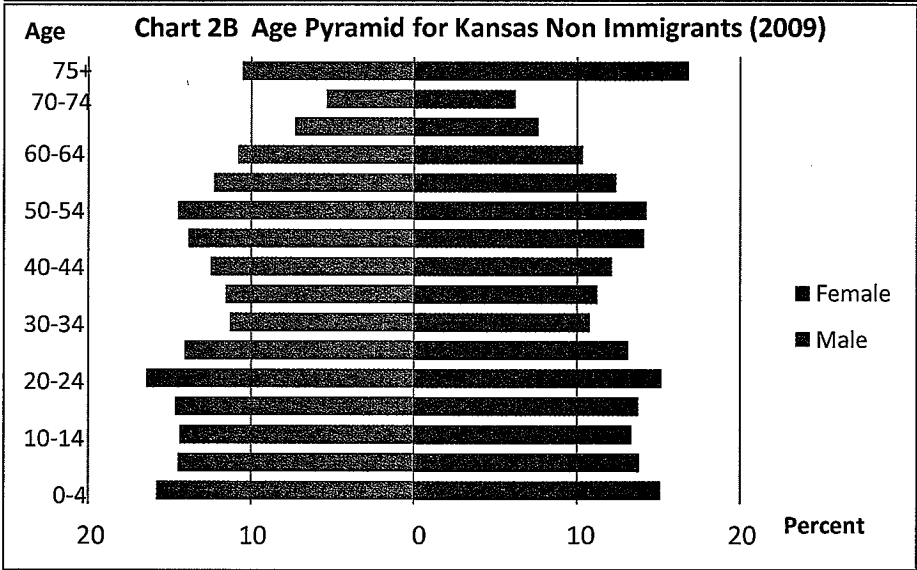
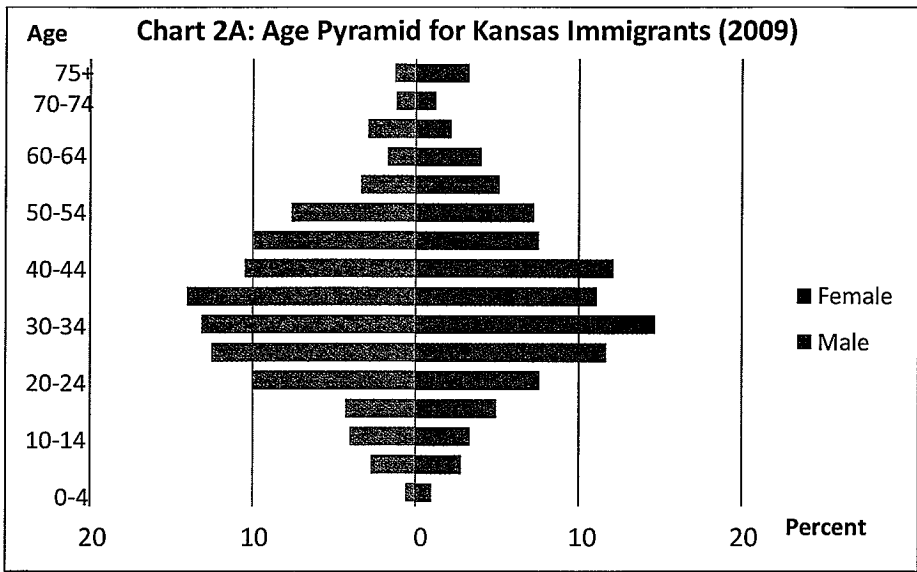


Table 2 shows similar information for the age and gender distribution of three groups: all immigrants, immigrants from Mexico and Central America, and US natives. In the immigrant population, there are more males than females, whereas the opposite is true in the native population. In the immigrant population there is a much smaller percentage of the population in the very young and very old age categories. This has implications regarding the demand for government services, such as education and health care. Over 80% of the immigrant population, and over 84% of the immigrant population from Mexico and Central America, are between the ages of 19 and 65. This is true for both males and females. This compares with approximately 60% of native males and 58% of native females. This dramatic difference in the working age population is a reflection of one of the long recognized Laws of Migration, that has

Map 2: Percent Mexican and Central American Immigrant Population

Public Use Microsample Areas (PUMAs)

- Less than 2.5%
- 2.5 - 5%
- 5 - 10%
- 10 - 15%
- 15 - 20%
- More than 20%

Data Source: 2009 American Community Survey (ACS); Public Use Microsample (PUMS)

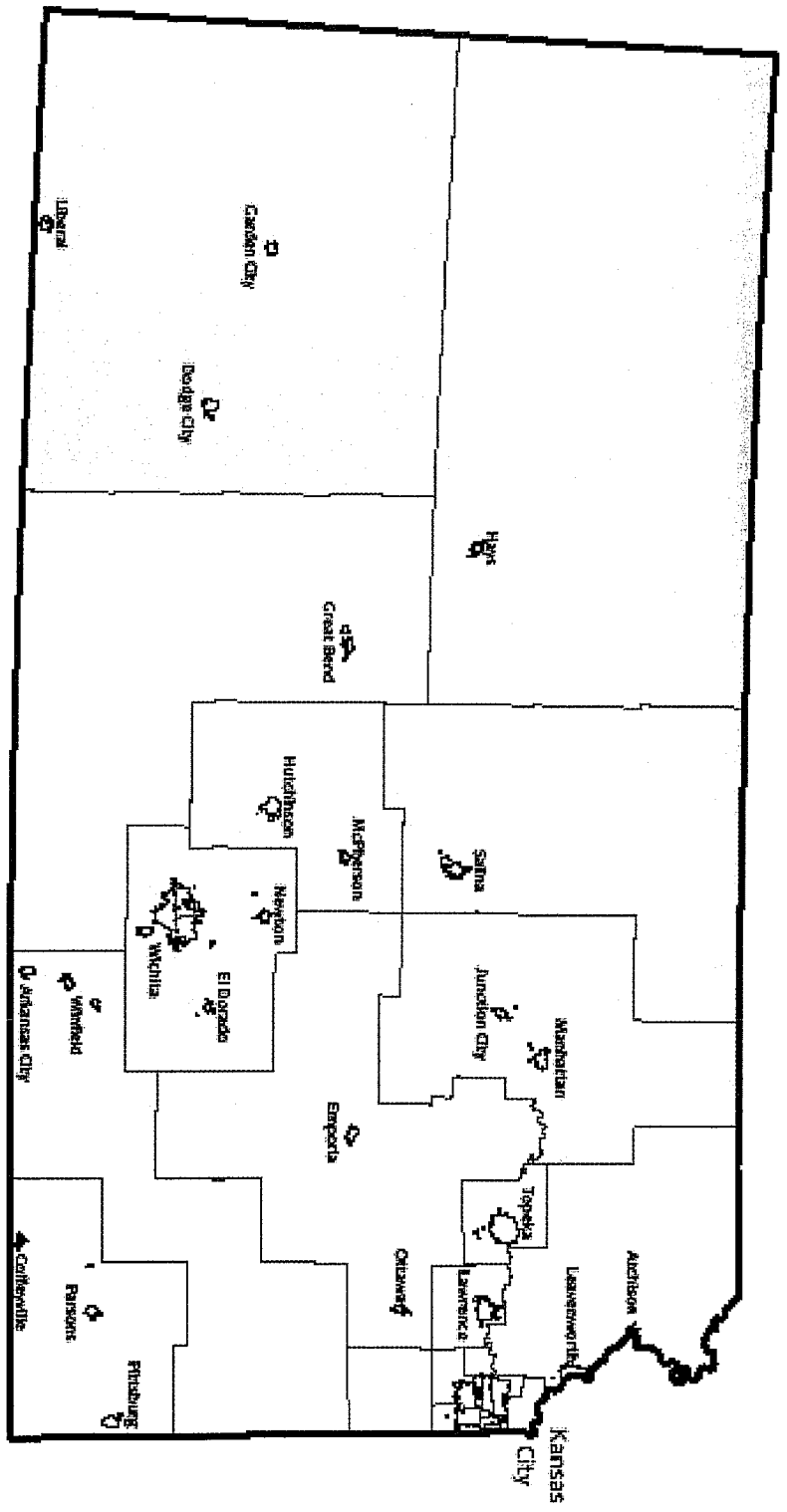
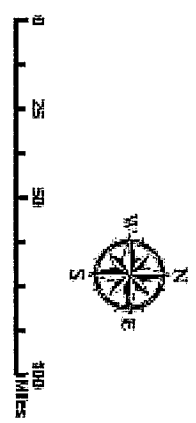


Table 11: Aggregate Kansas Immigrant Economic Impact (2009)

All Immigrants									
	Direct	Indirect	Induced	Total	Direct as % of KS Total	Direct + Indirect + Induced as % of KS Total			
Jobs	-132,776	-53,975	-55,977	-242,729	7.3%	13.5%			
Value Added	-9,710,120,720	-4,500,400,055	-3,593,600,646	-17,804,121,422	7.4%	13.6%			
Employee Compensation	-5,187,810,411	-2,269,861,842	-1,801,390,746	-9,259,062,999	7.3%	13.1%			
Proprietors' Income	-694,523,498	-346,440,897	-243,143,293	-1,284,107,689	6.9%	12.8%			
Other Property Type Income	-3,244,303,500	-1,471,517,034	-1,175,422,004	-5,891,242,537	7.9%	14.4%			
Mexican & Central American Immigrants									
	Direct	Indirect	Induced	Total	Direct as % of KS Total	Direct + Indirect + Induced as % of KS Total		Mexican & Central American as % of Immigrant Total	
Jobs	-73,573	-32,116	-30,560	-136,249	4.1%	7.6%		59.5%	
Value Added	-4,671,458,719	-2,524,258,179	-1,883,972,472	-9,079,689,369	3.6%	7.0%		56.1%	
Employee Compensation	-2,570,632,574	-1,262,772,814	-944,315,461	-4,777,720,848	3.6%	6.8%		55.6%	
Proprietors' Income	-408,347,272	-209,882,555	-127,486,438	-\$745,716,265	4.1%	7.4%		60.6%	
Other Property Type Income	-1,393,415,196	-812,794,007	-616,245,709	-2,822,454,912	3.4%	6.9%		55.2%	

Source: IMPLAN© calculations

Unauthorized Immigrants									
	Direct	Indirect	Induced	Total	Direct as % of KS Total	Direct + Indirect + Induced as % of KS Total		Unauthorized as % of Immigrant Total	
Jobs	-39,546	-17,262	-16,426	-73,234	2.20%	4.09%		31.98%	
Value Added	-2,510,921,694	-1,356,795,597	-1,012,640,298	-4,880,357,590	1.94%	3.76%		30.15%	
Employee Compensation	-1,381,721,960	-678,743,802	-507,572,114	-2,568,037,876	1.94%	3.66%		29.89%	
Proprietors' Income	-219,487,763	-112,812,441	-68,524,305	-400,824,509	2.20%	3.98%		32.57%	
Other Property Type Income	-748,964,436	-436,878,977	-331,233,735	-1,517,077,148	1.83%	3.71%		29.67%	

Source: Authors Calculations

Table 22					
Estimated Contribution of Immigrants to State and Local Revenue (KS \$2009)					
Revenue Source	Direct Contribution by Immigrants**	Direct + Indirect + Induced Contribution by Immigrants**	Total State & Local Revenue***	Direct as % of KS Total	D + I + I as % of KS total
All Immigrants					
Sales Tax	\$224,530,276	\$527,077,534	3,027,196,714	7.42%	17.41%
Non Vehicle Property Tax	\$237,628,372	\$557,824,911	3,792,900,000	6.27%	14.71%
Personal Income Tax	\$190,913,348	\$345,708,202	3,206,597,676	5.95%	10.78%
Corporate Profits Tax	\$15,632,172	\$28,386,036	344,696,544	4.54%	8.24%
Other Taxes, Fees & Fines*	\$80,167,341	\$164,885,050	\$1,222,967,655	6.56%	13.48%
Total	\$748,871,509	\$1,623,881,733	\$11,594,358,589	6.46%	14.01%
Immigrants from Mexico & Central America					
Sales Tax	\$115,082,720	\$282,372,640	\$3,027,196,714	3.80%	9.33%
Non Vehicle Property Tax	\$121,796,136	\$298,844,992	\$3,792,900,000	3.21%	7.88%
Personal Income Tax	\$85,347,010	\$169,139,292	\$3,206,597,676	2.66%	5.27%
Corporate Profits Tax	\$6,713,955	\$13,599,560	\$344,696,544	1.95%	3.95%
Other Taxes, Fees & Fines*	\$40,843,041	\$87,456,053	\$1,222,967,655	3.34%	7.15%
Total	\$369,782,862	\$851,412,537	\$11,594,358,589	3.19%	7.34%
Unauthorized Immigrants					
Sales Tax	\$61,857,764	\$151,777,261	\$3,027,196,714	2.04%	5.01%
Non Vehicle Property Tax	\$65,466,272	\$160,631,265	\$3,792,900,000	1.73%	4.24%
Personal Income Tax	\$45,874,612	\$90,913,548	\$3,206,597,676	1.43%	2.83%
Corporate Profits Tax	\$3,608,798	\$7,309,858	\$344,696,544	1.05%	2.12%
Other Taxes, Fees & Fines*	\$17,472,519	\$36,013,681	\$1,222,967,655	1.80%	3.84%
Total	\$198,760,864	\$457,640,169	\$11,594,358,589	1.71%	3.95%

*Other taxes and fees include: motor fuel tax, motor vehicle license; motor carrier property tax; state portion of social insurance tax; bingo; dry cleaning; transient guest; cigarette; tobacco; controlled substances; estate; oil, gas, oil assessment conservation fee and gas assessment conservation fee, gas oil and sand royalties; car line; bonds; licenses; and fees.

**IMPLAN© calculations

***Kansas Department of Revenue **Annual Statistical Report**, June, 2009 (<http://www.ksrevenue.org/pdf/09arcomplete.pdf>)

Table 24						
Tax Revenue and Expenditure Summary - 2009						
	State and Local Taxes Generated Directly	State and Local Expenditures for Immigrants				Spending as % of Tax Revenue Generated
		State and Local Funded K-12 Public Education Services	State and Local Funded Health Care Services	State and Local Funded Higher Education Services	State and Local Funded Transportation Services	
All Immigrants	\$748,871,509	\$226,915,560	\$35,683,248	\$94,289,248	\$70,168,846	57.03%
Immigrants from Mexico & Central America	\$369,782,862	\$140,667,696	\$23,277,431	\$51,687,849	\$37,804,917	68.54%
Unauthorized Immigrants	\$198,760,864	\$94,721,256	\$8,184,597	\$7,900,000	\$27,416,437	69.54%

Source: Prior Tables and Authors calculations

Long Term Adjustments to the Loss of Unauthorized Immigrant Jobs

There is some evidence that non-immigrant unskilled laborers are adversely affected by the presence of unauthorized immigrants. If this is true, then removing unauthorized immigrant jobs could decrease unemployment and increase the wages of low-skilled non-immigrants over time, as employers adjust to shortages caused by a lack of unauthorized immigrant labor. The extent to which this occurs is controversial. Some argue that the effects are minimal. At one end of the spectrum are studies by Card (2007) and Papademetriou *et al.* (2009) that point to small adjustments of this type (under 10%). That is, as a net effect, approximately 10% of the jobs that are currently held by unauthorized immigrants would be taken by non-immigrants. On the other hand, Borjas (2003) has an expectation of large effects (30%-50% of the jobs that are currently held by unauthorized immigrants would be taken by non-immigrants).

A study by the Perryman (2010) uses input output analysis to calculate the economic impact of undocumented immigrants on the labor market of each state in 2008. They calculate an "initial static effect" similar to the short term impacts estimated in this study. The study then lists possible long term adjustments (Perryman, 2010, p. 60). Among the listed items that would tend to reduce the impact of losing unauthorized immigrants on jobs are:

- firms respond to the loss of workers by trying to attract domestic workers, raising wages, and other actions designed to minimize the effects of losing the undocumented workforce
- a successful guest worker program (in other words turn unauthorized workers into authorized workers)
- increased participation in the labor force by non-immigrants who are currently not in the labor force