

Immigration and Florida's Economy

TABLE 1

Foreign Born Populations in the U.S. and Florida

	1990	2000	2005
Total Population – U.S.	249 Million	281 Million	300 Million
Foreign Born – U.S.	20 Million	31 Million	36 Million
(% of total)	8 percent	11 percent	12 percent
Total Population – Florida	12.94 Million	15.98 Million	17.40 Million
Foreign Born – Florida	1.66 Million	2.72 Million	3.13 Million
(% of total)	13 percent	17 percent	18 percent

Sources: U.S. Census Bureau. U.S. Department of Homeland Security, 2004 Yearbook of Immigration Statistics.

TABLE 2

Location of Foreign Born and Native Populations, 2003

Census Region	Percent Foreign Born Residing In	Percent Native Residing In
West	37	21
South	29	37
MidWest	11	24
NorthEast	22	19

Source: U.S. Census Bureau

Immigrants are a cornerstone of the American Dream, starting often on the bottom of the economic ladder and by hard work, determination and perseverance within a few generations prospering and becoming fully assimilated into the society. The adage that we are "a nation of immigrants" is neither trite nor a cliché but a historic and unique characteristic of our country - a feature that without doubt has contributed to America's prominence in the world.

While the importance of immigration to America is not controversial, immigration policy is another matter. Reforms to immigration policy have potentially significant consequences for the national as well as the Florida economy. As elected officials debate this issue it is a good time to review what we know and don't know about the economic aspects of immigration, and to determine if things are really different this time as some claim.

Here are a few of the salient facts and issues:

1. The Number of Immigrants Entering the Country is Substantially Larger than Previously.

The first table indicates at least 1 million and as many as 2 million immigrants have been entering the country each year for roughly the last fifteen years. Foreign born now represent about 12 percent of the total U.S. population, an increase of 50 percent since 1990. Estimates for the undocumented portion of the foreign born population vary widely, but are thought to be in the 10 million to 13 million ranges.

In contrast, Florida's foreign born account for about 18 percent of the state's population – much higher than for the nation. However, Florida's foreign born have been a sizable component of our state's population for a considerably longer time than is the case

TABLE 3

Components of Population Gains: Five States with Largest Absolute Population Gains and Five States with Largest Absolute Native Population Outflows, 2000 - 2005

States with Largest Absolute Population Gains					
State	Total Population Increase	Natural Increase (Births – Deaths)	Net Migration to/ from rest of U.S.	International Migration	Int'l as % Total
USA	14,995,802	8,651,861		6,333,941	42%
CA.	2,260,494	1,557,112	-664,460	1,415,879	63%
TX.	2,008,176	1,115,182	+268,722	663,161	33%
FL.	1,807,040	246,058	+1,057,619	528,085	28%
GA.	885,760	376,105	+232,667	192,844	22%
AZ.	808,660	241,732	+408,160	168,078	22%
States with Largest Absolute Native Population Outflows					
NY.	227,809	527,876	-1,001,100	667,007	293%
CA.	2,260,494	1,557,112	-664,460	1,415,879	63%
IL.	343,724	406,425	-391,031	328,020	95%
MA.	49,638	131,329	-236,413	162,674	328%
NJ.	303,578	220,220	-194,901	290,194	96%

Source: U.S. Census Bureau

3. The Locations of Immigrants are Different than in the Past.

The second table shows, by census region, where foreign born and native populations reside. About two-thirds of all immigrants now live in the West and South census regions. This is where close to 60 percent of the native U.S. population resides. The concentration of immigrants and native populations likely exacerbates concerns about the effects of immigration. Prior waves of immigration were skewed more to the Northeast and Midwest.

The third table illustrates the five states with the largest absolute population gains from 2000 to 2005, and the components of these gains. Nationally, 42 percent of our population increase is because of immigration. This percent ranges from a whopping 63 percent in California to 22 percent in Arizona. Also of interest are the five states that have experienced the largest absolute outflows of native population between 2000 and 2005. In the absence of immigration the populations of some of these states would have shrunk.

4. Differences between Immigrants from Latin America and Asia.

Census Bureau data indicate that about 87 percent of Asian immigrants have the equivalent of a U.S. high school diploma versus 49

nationally.

The sheer increase in the number of immigrants in a relatively short time span nationally is likely the most notable change from prior episodes, and the change provoking the most debate. The growth in Florida’s foreign born population has taken place over the last 45 years rather than the last 15 years. Florida’s more gradual increase in foreign born has allowed for smoother adjustments.

2. The Origins of Immigrants Have Changed.

Today’s immigrants to America come primarily from Latin America (53%), Asia (25%) and Europe (14%). About 70 percent of Latin American immigrants hail from Central America. Immigrants to Florida also originate primarily from Latin America, but in contrast to the rest of the nation the majority of Florida’s immigrants are from the Caribbean and South America. The origins of today’s immigrants stand in contrast to those in the early-to-mid twentieth century, when people of European origin comprised roughly 75 percent of all newcomers.

percent of immigrants from Latin America and compared to 88 percent of the native U.S. population. Moreover, 50 percent of Asian immigrants have a college degree while only 12 percent of those from Latin America do so. These differences in educational backgrounds probably account for the median income of Asian immigrants being almost 6 percent higher than the median income of \$35,239 for Native Americans, whereas the median income for Latin American immigrants is about 40 percent below that for Native Americans.

5. National Economic Effects May Mask Regional Ones.

The consensus of economic research is that immigration provides considerable economic benefits. The key economic issue is a technical one, revolving around whether or not employers make additional investments in productivity boosting technologies and equipment in response to an expanding supply of workers associated with immigration. If so, then economic growth, jobs, incomes and wages will expand. If not, then jobs may increase but wages may even fall.

Overall, the research indicates the former has occurred, especially as it pertains to newly arrived workers with high levels of education, skills and work experiences. However, this may not be the case for the lowest skilled occupations where research studies find inflation - adjusted wages to be some 1 to 3 percent lower owing to immigration. Undocumented workers likely have the most noticeable labor market effects in this segment of the labor market. One has to wonder if inflexibilities in U.S. labor markets play a role here. Although U.S. labor markets are among the most flexible in the world, there are rigidities associated with minimum wage and worker compensation laws.

Interestingly, Census Bureau data indicate about 80 percent of the foreign born are in the prime working ages of 18 to 64, compared to 60 percent of the native born population. This suggests that immigrants may not be extensively competing with native born workers for jobs, but may be filling positions where there is a growing scarcity of U.S. workers. What the research, to my knowledge, has not determined is whether the fall in real wages as well as the economic gains from immigration are concentrated in specific regions or states of the country.

6. Fiscal Impacts of Immigration Vary.

Highly educated and skilled immigrants appear not only to provide substantial benefits to the economy, but also make large positive contributions to the public finances. And, while the economic impact of low-skilled immigrants is positive the fiscal impact may on balance be negative.

Publicly – government provided services at the federal, state, and local levels have expanded sharply since the last wave of immigration, including health care, education, transportation, public safety, and social services. Lower income households, whether native or immigrant, documented or undocumented, may use such services more intensely than others but contribute relatively less to their provision. Indeed, the fiscal burdens may fall more heavily on state and local governments than the federal in this regard.

Wider availability, better quality and lower cost public services may be a strong inducement for immigration, especially when combined with more attractive wages. However, the important issue is whether the public sector is the most effective vehicle for providing such services rather than who should and should not receive them.

Melting Pot or Mosaic?

Beyond the pedestrian though important issues of economic and fiscal impacts, there may be uneasiness about how the new waves of immigration might affect the fabric of our society over a longer period of time. Will the new immigrants add their distinctive flavors to the frothy melting pot of America, and in the process make us all slightly different but better? Or, instead, will they find - as exists elsewhere - that assimilation just isn't worthwhile and an increasingly fragmented and potentially divisive society emerges? For the time being our nationally elected officials have much to do with answering this question. Let us all hope they are motivated to do the right things rather than the politically expedient ones.

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