

Analysts: Trump Immigration Policies Could Spell Trouble for the Texas Economy

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In his first post-election interview on Nov. 13, President-elect Donald Trump reaffirmed his campaign promise to deport undocumented immigrants. He told CBS' "60 Minutes" that he would immediately deport 2 million to 3 million undocumented immigrants with "criminal records" and afterwards make a "determination" on the rest who are in the U.S. without legal authorization.

The National Bureau of Economic Research released a paper the next day that analyzed the economic contribution of undocumented workers. It **estimated** that those workers are responsible for 3 percent of the U.S. economy.

Reporting Texas interviewed economists, industry representatives, and policy and advocacy groups about the impact on the Texas economy if Trump were to proceed with mass deportations.

Undocumented workers account for 8.5 percent of the Texas workforce, according to the Pew Research Center. Texas has an estimated 1.1 million undocumented immigrants, second only to California.

The state depends on immigrant laborers to fill jobs in construction, agriculture and hospitality, according to economists and industry representatives.

“Texas needs the workforce provided by undocumented workers. In fact, it is absolutely essential,” Ray Perryman, president and CEO of a Waco-based economic analysis firm, wrote in an email.

If Trump deported all of the undocumented immigrants working in the state, many jobs would go unfilled, said Ike Brannon, a visiting fellow at the Cato Institute, a Libertarian think tank in Washington, D.C., that promotes open borders.

“The unemployment rate is 4.8 percent — that’s within spitting distance of full employment,” Brannon wrote in an email. “If they lose all those workers, there’s simply no way they could make them up from the existing pool.”

Brannon said immigrants are “important lubricants in the national labor market now that Americans are so much less mobile and unwilling or unable to move across state lines for new jobs — presumably because of the difficulty that dual-career couples have doing so,” he said.

The impact on the construction industry

Fifteen percent of the nation’s construction workers in 2014 were undocumented immigrants, according to a Pew Research Center report released this year. The Austin-based Workers Defense Project, a nonprofit that advocates for fair working conditions for low-wage workers, **estimated** in a 2013 study that undocumented immigrants account for half of the workforce in the state’s construction industry. In residential construction, it’s nearly 100 percent, said Emily Timm, director of research and policy at the Workers Defense Project.

“Undocumented workers really are the backbone of the Texas construction industry,” Timm said.

As of October, 692,600 workers were employed in the construction industry, according to the Texas Workforce Commission.

Most of those workers are concentrated in urban areas. Undocumented workers make up about 30 percent of the construction industry workforce in Dallas and Bexar counties, according to the Migration Policy Institute, a nonprofit, nonpartisan think tank in Washington, D.C. In Travis County, where the skyline seems to change overnight with new buildings, 39 percent of construction laborers are undocumented.

As Texas' population grows, so does the demand for infrastructure, but the labor supply won't be able to keep up, said Stan Marek, CEO of Houston-based Marek Brothers Systems Inc. There is a general shortage of workers in construction, and the workforce that built the state's infrastructure over the past 30 years is aging, he said.

"We have not been able to replace them with the same quality trained people because for too long now, we've been relying on undocumented labor," Marek said. "Basically, since they're not one's employees, they get no training, have no benefits, and are basically day labor."

He said that the industry will see "an incredible shortage in the skilled labor required to build the houses, churches, and infrastructure of the future."

Construction once was considered a good middle-class job, where workers could stay with an employer for their career, advance and develop new skills, Timm said. It's now a dead-end job, she said.

"Employers have allowed wages to drop, and they have not invested in their workforce in terms of providing training, career pathways and just the most basic benefits," she said.

Because companies must verify to the federal government that their workers can legally work, undocumented laborers often are subcontractors or independent workers for labor brokers, who supply workers to the construction industry.

Brokers don't provide benefits or workers compensation, and avoid payroll taxes by classifying workers as independent contractors, not employees.

"Most of [these workers] are working off payroll for contractors who are basically exploiting them," Marek said. "So what happens is there's an underground economy, which is very rampant."

The Workers Defense Project **estimated** that misclassifying workers as subcontractors costs Texas \$54.5 million in lost unemployment insurance revenue and hundreds of millions more in federal income tax.

"Any immigration bill that would give [workers] legal status, require them to register with the government and to work for an employer who pays... taxes would be excellent, and we could keep our workforce," Marek said.

The fear in the immigrant community of changes such as increased workplace raids under Trump also creates an environment where workplace abuses are more likely, Timm said. Undocumented workers may be afraid to report unsafe conditions or wage theft because they are afraid of repercussions.

The Impact on Texas Agriculture

One in four farm workers nationwide and one in three in Texas is an undocumented immigrant, according to the Pew Research Center. The Migration Policy Institute estimated there are 23,000 undocumented workers in Texas agriculture.

Texas has a year-round growing season, so there is always a demand for labor, said Jay Bragg, associate director of commodity and regulatory activities for the Texas Farm Bureau, which represents farmers and ranchers. Across the state, growers struggle to find local residents willing to fill jobs planting, tending and harvesting crops, even though Texas farms pay well – \$12 to \$15 an hour for entry-level positions.

The work is hard, and in some counties, farmers must compete with industries that pay far more. Texas' most active oil and gas-drilling areas, the Permian Basin in West Texas and the Eagle Ford Shale in South Texas, are in major growing regions.

“It’s difficult for [farmers] to find labor when oil and gas are doing well,” Bragg said. “We’re dependent on guest workers for a lot of the harvest, particularly for fruit and vegetables.”

The Texas Farm Bureau supports the H-2A temporary agricultural worker visa program. If farmers can’t find enough local workers willing or qualified to do temporary work, they may petition the U.S. Department of Labor for permission to hire workers from other countries.

Texas farmers requested 3,143 positions in fiscal year 2015, and the Labor Department certified 417 applications. Most H-2A guest workers are from Mexico.

Trump’s position on H-2A is largely unknown. Some members of the agriculture industry worry his focus on deportation will hinder congressional efforts to overhaul the program, which, as it stands, is costly for farmers and inefficient due to delays in visa processing.

“Trump carried rural areas, so our growers and producers are part of his base. But Trump has surrounded himself with advisers that turn a deaf ear to practical solutions,” said Craig

Regelbrugge, senior vice president of industry advocacy and research at AmericanHort, an advocacy group for the horticulture industry.

Deporting undocumented workers would cost the U.S. two to three American farm-dependent jobs for every farm worker lost, Regelbrugge said. The U.S. would also lose its advantage over other countries in high-value fruit, vegetable and livestock production, and the industry would shift to lower-value grain and feed crops that use more mechanization and require less labor.

Regelbrugge co-chairs the Agriculture Coalition for Immigration Reform, a majority-Republican group of growers and farming businesses that supports reform that ensures an adequate workforce for the industry. He said immigration policies must ensure that farmers can get needed labor from abroad through an efficient visa system that recognizes workers as “a help, not a threat.”

Regelbrugge advocates for a pathway to legal status for immigrants now working in the country.

“It’s in their interest, it’s in our interest,” he wrote. “We have a workforce now that is experienced, trained, trusted, and knows the work.”

Jerónimo Cortina, an associate professor of political science at the University of Houston, also cautioned that there’s a potential for unintended consequences if undocumented workers are deported.

If employers pay higher wages to attract native-born workers, the cost will be passed on to consumers, Cortina said. “That’s an unintended consequence of cracking down on migrant labor in agriculture. Is the consumer going to be able to absorb that cost? Because certainly businesses and farms are not going to.”

The Impact on Women in the Workforce

Undocumented immigrant laborers also support the state’s professional workforce. In a March 2016 report, the Texas Public Policy Foundation, an Austin-based conservative think tank, **cited** a study that reported that low-skilled immigrants working in home-based child care have allowed more American women to join the workforce. The immigrants care for children or older family members — work that many Americans don’t want to do.

“Domestic work is the cheapest but most needed labor,” said Martha Ojeda, the executive director of the Fe y Justicia Worker Center in Houston. The center educates low-wage workers about their rights and helps them organize to improve working conditions.

Of the 1,200 day laborers and domestic workers affiliated with the organization, Ojeda said, 90 percent are unauthorized immigrants from Latin America.

In the wake of the election, Ojeda is concerned not only about mass deportations but also about a potential increase in wage theft, which can cost the state hundreds of thousands of dollars in lost tax revenue.

The Impact on State Revenues

Immigrants are crucial to the Texas economy not only in providing labor, but also in their spending power, said Ann Beeson, executive director of the Center for Public Policy Priorities, a nonprofit, nonpartisan research organization in Austin that promotes social and economic policies that benefit low-income Texans.

“The data are very clear and consistent over a long period of time that immigrants are essential to the Texas economy,” she said. “Unfortunately, we see many elected leaders at the state level and nationally who push for policies that are not helpful for the Texas economy or for Texas businesses.”

Economist Perryman estimates that the net benefit of the undocumented immigrant population is \$11.8 billion to the state of Texas and \$900 million to local governments. That’s in addition to \$20.1 billion to the federal government. The figures include sales and property taxes.

If Trump deported millions of immigrants, the state would feel an immediate economic loss.

Answering those who say unauthorized immigration is a drain on public services such as education and health care, Perryman said, “Undocumented workers pay taxes through various mechanisms such as retail sales, and the economic activity they generate also brings in fiscal revenues, a fact which is often overlooked in political discussions.”