



Undocumented workers pour billions into Texas

John Austin

March 10, 2016

When petroleum prices slumped and Brenda Avelar's husband lost his job machining parts for oil rigs, the Fort Worth couple launched a painting business.

"We do residential and commercial," said Avelar, 27, who types estimates and handles scheduling for Mateo's Custom Painting, open since October. "We're doing good."

It's a small startup but a testament to the economic impact of immigrants on the United States. The Avelars, who came here from Mexico, are now living in the United States under a federal program that gives temporary amnesty to those who immigrated as children.

Undocumented immigrants — as the Avelars were before receiving amnesty in 2012 — pump billions of dollars into the Texas economy every year, according to new research by the Perryman Group of Waco.

They hold 3.3 million jobs in the state, spend \$663 billion a year, and are responsible for about \$290 billion worth of products and services, according to the report, titled "Texas Needs the Workers!"

About 1.8 million immigrants living illegally in Texas represent 17 percent of the state's gross domestic product, according to the report.

They contribute nearly \$33 billion in taxes and fees - including \$20.1 billion to the federal government, \$11.8 billion to the state and \$1 billion to local government. That accounts for the costs of services used by immigrants for education, social services and health care.

Economist Ray Perryman said his research — "probably the deepest dive that I'm aware of" into the economic impact of undocumented immigrants — is not agenda-driven.

"It's just a matter of trying to get some numbers out there," he said.

But the report comes at a time when immigration is fueling the fires of presidential politics, especially among Republicans. Real estate developer Donald Trump and Texas Sen. Ted Cruz both promise to deport undocumented immigrants, with Trump promising to build a wall along the Mexican border.

Alex Nowrasteh, immigration policy analyst at the libertarian Cato Institute, said the economic report has a "sound and dynamic analysis."

Among other benefits of the undocumented workforce, he added, is that those immigrants cannot legally collect Medicare benefits.

Also, contributions of undocumented immigrants to the economy are enhanced here because Texas has no personal income tax, Nowrasteh said. The state derives about 90 percent of its tax revenue from sales and property taxes.

“Those are taxes an illegal immigrant can’t avoid,” he said.

Douglas Holtz-Eakin, president of the American Action Forum, a center-right think tank in Washington, D.C., called the report “credible,” “sensible” and consistent with national-scale analyses of the economic impact of immigrants.

Steven Camarota, director of research at the Center for Immigration Studies, a Washington D.C., group that supports the reduction of immigration, said an economy of undocumented immigrants isn’t necessarily a boon, however.

“All the research shows that illegal immigrants are less educated,” with 10 years of schooling, he said.

“To believe this report, you have to believe adding lots of high school dropouts is a boon to the public coffers,” he said.

But Esmeralda Piedra said the study could understate the influence of undocumented workers on the state, given the number who live and work in a secretive, shadow economy.

“Illegal immigrants tend to be very secretive, including (revealing) their finances,” said Piedra, 29, an IT project manager living in Fort Worth. She moved to Texas at age 10 with her mom, an undocumented Mexican immigrant.

“They’re so afraid. They get paid cash,” she said. “I know two people who are purchasing a house as illegal immigrants, buying directly from the owner.”

Living in a cash economy, undocumented workers may not have bank accounts, credit scores or many choices about where to put their money.

“When I purchased a car as an illegal immigrant, I paid 18 percent interest to a company that sells to people who are undocumented,” she said. “They’re willing to sell to people without driver’s licenses, but they charge really high interest rates.”

“You just have to trust the people you’re dealing with,” said Piedra, who is now a college graduate and permanent resident working to become a citizen.

And, like visitors to the United States, immigrants in the country illegally don’t always benefit from the money they put into the economy.

In 2010, the Social Security Administration reported that undocumented workers contributed \$12 billion in payroll taxes that they could not collect — a net positive impact to the Social Security trust funds.

Piedra acknowledged that undocumented workers typically hold jobs at the bottom of the economic ladder.

She knows people who make \$3 to \$4 per hour, she said.

Many work five or six days a week in the restaurant business, from open to close. Others are in agriculture.

Darren Turley, executive director of the Texas Association of Dairymen, acknowledged a “high percentage of immigrant labor” in the industry.

“I don’t know if I’d say ‘undocumented,’” he added.

But Turley noted the labor needs of a dairy farm are demanding, and many people have other choices for work.

Mike Tomaszewski, a dairy science professor at Texas A&M, agreed that it’s difficult to find local workers who will sign up for 24/7 jobs that require tending dairy cows at \$11 to \$17 per hour.

Even if undocumented workers are more likely to work in low-paying, blue-collar jobs, their impact is much more widely felt.

Austin immigration attorney Kate Lincoln-Goldfinch said, like the rest of Texas, she feels the impact of those workers.

“I would say about half of my clients, when they come to me, are undocumented,” she said. “They certainly do employ me.”