

# Economic Impact of Immigration in New Mexico

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# New Mexico population 2006

- New Mexico Population was almost 2 million in 2006 (1.955 million)
- American-born residents: 90% of total
- Foreign-born residents: 10% of total
  - Of the foreign-born:
    - 29% were naturalized citizens
    - 71% were non-citizens



# Characteristics of native-born and foreign-born residents in New Mexico

- Characteristics of native and foreign-born are distinct
- Characteristics of citizen and non-citizen foreign-born are also distinct
- Age and education characteristics are a good starting point



# Age structure of NM population

- Median age of NM population
  - Total population: 35.2 years
  - Native-born population: 34.7 years
  - Foreign-born population: 38.1 years
  - Naturalized citizens: 48.2 years
  - Non-citizens: 33.6 years
- The foreign-born population is older than the native-born population and naturalized citizens are far older than non-citizens
- Possible reason for discrepancy: 14<sup>th</sup> Amendment (1868) to US Constitution makes all people born in the US citizens of the US so native-born population would be younger than the foreign-born
- Later slides will show that non-citizens are in the US to work

# Children in the NM population

- Children under the age of 5 in New Mexico
  - Children as percent of total: 7.3%
  - Children as percent of native-born: 8.0%
  - Children as percent of foreign-born: 0.9%
  - Children as percent of naturalized: 0.2%
  - Children as percent of non-citizens: 1.1%
  - Children as a much higher percentage of the native-born than of the foreign-born



# Hispanic ethnicity of NM population

- Total population: 44% Hispanic; 42.4% white
  - Native-born: 40% Hispanic; 46% white
  - Foreign-born: 78% Hispanic; 12% white
  - Naturalized citizens: 65% Hispanic; 18% white
  - Non-citizens: 84% Hispanic; 9% white

# NM population over age 25 with less than high school education

- Native-born: 14%
- Foreign-born: 52%
- Naturalized citizens: 37%
- Non-citizens: 58%
- Education is clearly a significant problem among the foreign born

# Families with annual income below poverty level

- Native-born: 12% of total
- Foreign-born: 26% of total
- Naturalized citizens: 15% of total
- Non-citizens: 33% of total

# Earnings below \$25,000 per year

- Native work force: 30% of total native population
- Foreign-born population: 30% of total foreign-born pop.
- Naturalized citizens: 37% of total naturalized citizens
- Non-citizens: 63% of total non-citizens
- Low earnings are clearly a problem in the foreign born work force generally, and especially among non-citizens



# Native and foreign-born employment by sector

- Native workers are more likely than the foreign-born to work in the public sector: 23% vs. 11%
- Foreign-born workers are more likely to work in the private sector: 69% vs. 80%
- Native workers are more likely to work in management: 37% vs. 17%
- Foreign-born workers are more likely to work in the service industries (28% vs. 17%), construction industry (24% vs. 11%), and production industries including mining and manufacturing (16% vs. 9%)

# Labor force participation by citizenship status

Labor force participation (LFP) means the proportion of the over-16 population that is either working or looking for work

- Native population LFP: 62.4%
- Foreign-born population LFP: 64.6%
- Naturalized citizens LFP: 63.7%
- Non-citizens LFP: 65.1%
  - Both categories of foreign-born have higher LFP than the native-born, indicating a strong contribution to the state's economy

# Undocumented immigrants and public services

- Undocumented immigrants receive: primary and secondary education, and emergency medical care
- Undocumented immigrants **do not** receive: non-emergency medical care, Medicaid (low-income health insurance), Medicare (health care insurance for the elderly), Social Security, Food Stamps, childcare subsidies, housing assistance, or Temporary Assistance for Needy Families (TANF)



# Estimates of the number of unauthorized immigrants in New Mexico

- INS (now ICE) estimated that there were 40,000 undocumented immigrants in 2000
- Pew Hispanic Center estimates that 38,000 were in the US for less than 10 years – this matters for family size
- Average size of undocumented families: 2.3 persons
- Average size of undocumented families in US for less than 10 years: 2.05 persons
- Smaller size of families here less than 10 years may be because of heavier representation 'sojourners' – people who intend to move back to their native country



# Estimates of taxes paid by undocumented immigrants

- Estimates of taxes paid by undocumented people follow a method developed by the Institute for Taxation and Economic Policy (ITEP), the research arm of DC-based Citizens for Tax Justice
- These estimates combine national estimates of the average income of undocumented families with state tax rates specific to the state of New Mexico



# Estimates of taxes paid by undocumented immigrants (continued)

There are 2 types of taxes that are impossible for a state resident to avoid – sales taxes and property taxes

- Sales taxes (gross receipts tax) are passed along to the buyer by the seller of good and services
- Property tax are passed along to the renter by the landlord in the case of rental property – this analysis assumes that all undocumented immigrants are renters
- Income taxes are more problematic: is there withholding of payroll taxes from the immigrant's paycheck or not?
  - And, are the withheld payroll taxes paid to the tax authorities?



# Estimates of taxes paid by undocumented immigrants (continued)

- Average income for an undocumented family is \$25,850 annually
  - Based on ITEP methodology - estimates are that immigrant families pay:
    - 7.4 % of income for gross receipts (sales) tax: \$2,230
    - 0.84% of income for property tax: \$254
    - 1.4% on income tax: \$422
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- Combined sales, property, and income taxes for this family: \$2,907
  - Without income taxes the annual amount per immigrant family: \$2,485



# Calculation of total annual taxes paid by undocumented immigrant families

- Undocumented Population: 40,000
- Average Family Size: 2.29
- Undocumented Families: 17,467
- Undocumented sales and property tax per family: \$2,485
- Total sales and property taxes paid: \$43,400,284



## Calculation of total annual taxes paid by undocumented immigrant families using INS population estimates

- Undocumented Population: 40,000
- Average Family Size: 2.29
- Undocumented Families: 17,467
- Undocumented sales, property and income taxes per family: \$2,907
- Total sales, property and income taxes paid: \$47,085,524

Note: Income tax paid:  $\$7,370,480 \text{ (INS)} \times 0.5 = \$3,685,240$  – assumes that only half of income is reported (just an average from many studies – seems reasonable)

For context: NM state general fund is about \$6 billion (\$6,000,000,000)



## Calculation of total annual taxes paid by undocumented immigrant families using Pew Hispanic Center Population Estimates (Jeffrey Passel)

- Undocumented Population: 55,000
- Average Family Size: 2.29
- Undocumented Families: 24,017
- Undocumented sales, property and income taxes per family: \$2,907
- Total sales and property taxes paid: \$59,675,390
- Total sales, property and income taxes paid (assuming 50% compliance rate): \$64,742,596

Naturally, a somewhat higher estimate of undocumented people will yield a higher estimate of taxes paid



## Vary the assumption: Calculation of total annual taxes paid by undocumented immigrant families using Pew Hispanic Center Population Estimates (Jeffrey Passel)

- Undocumented population in US fewer than 10 years: 55,000
- Average family size: 2.05
- Undocumented families: 26,829
- Undocumented sales, property and income taxes per family: \$2,907
- Total sales and property taxes paid: \$64,447,511
- Total sales, property and income taxes paid (assuming 50% compliance rate): \$69,260,837

Naturally, a somewhat higher estimate of undocumented families will yield a higher estimates of taxes paid



# Public expenditure on K-12 education for undocumented students

- 2003-2004 expenditures per pupil: 7,331
- Number of undocumented students: 9,200 (from Pew Hispanic Center)
- Cost of educating undocumented students: \$67,445,200
  
- Unauthorized students (INS estimates): 6,700 students
- Cost of educating unauthorized students: \$49,117,700



## Difference between taxes paid and educational expenditures for undocumented students

- Student population (INS estimates): 6,700
  - Taxes paid: \$50,371,518
  - Educational expenditures: \$49,117,700
  - Difference: \$1,253,818
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- Pew Upper Bound student population: 9,200
  - Taxes paid: \$69,360,000
  - Educational expenditures: \$67,445,200
  - Difference: \$1,814,800

