



November 2017

Texans For All

Economic Impact of Senate Bill 4





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Introduction

Senate Bill 4

In May, Texas Governor Gregg Abbott signed Senate Bill 4, also known as the “sanctuary cities” bill, into law. This measure bans local municipalities from enacting measures that might contradict federal immigration enforcement laws, and places local officials who refuse to accommodate federal immigration requests criminally liable and subject to removal from public office. **To date, Senate Bill 4 is the most punitive statewide measure taken against local jurisdictions that follow “sanctuary” policies.**

Senate Bill 4 is more than a statewide crackdown on sanctuary cities and undocumented immigrants – **it is a rudimentary measure that will jeopardize Texas’ economic prosperity and the quality of life of its citizens.**

Immigrants, both documented and undocumented, are integral contributors to our state’s welfare and economy. They provide numerous economic and quality of life benefits that drive growth and enrich our communities. Senate Bill 4 will dampen these benefits, and bring numerous negative consequences that will ultimately threaten public safety, economic prosperity, and job growth throughout the state.

This study aims to highlight the benefits that immigrants bring to Texas communities and contribute to the Texas economy. Additionally, it illustrates the negative and detrimental consequences of this legislation – effects that will be felt by citizens across the state.

Executive Summary:

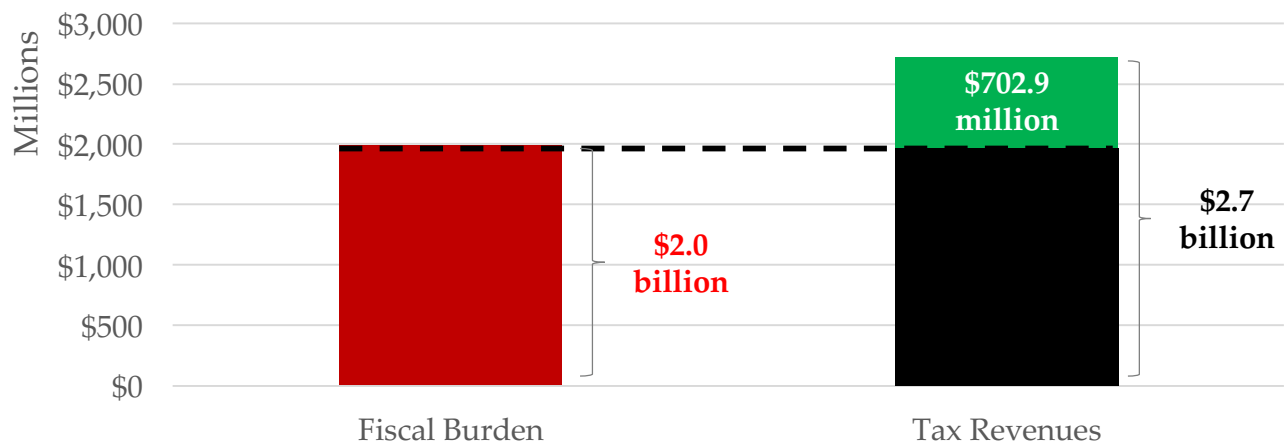
Economic Benefits of Immigrants

Undocumented Immigrants Generate Positive Fiscal Returns

At the state level, undocumented immigrants contribute more to state revenues than they draw out in costs related to education, healthcare, and incarcerations. In total, they generate a \$702.9 million fiscal surplus – which translates to a \$1.34 return for every dollar spent.

Statewide Fiscal Impact of Undocumented Immigrants

Fiscal Surplus: \$702.9 million



Return on Investment:



For every \$1 spent on public services,
undocumented immigrants provide **\$1.34 in fiscal revenue.**

Executive Summary

Economic Benefits of Immigrants

Macroeconomic Shocks Caused by Removing Undocumented Immigrants

Removing undocumented immigrants would send shock waves throughout the Texas economy, resulting in long-term, negative effects.

According REMI & Business Roundtable, **Texas GDP would decrease by \$78 billion over 10 years if most undocumented immigrants were removed from the state.** The effect would be negative and persistent over time – meaning it will be difficult for the state's economy to recover from such a dramatic demographic shift.



GDP Losses: **-\$78 billion**



Employment Losses: **-875,000**



Other Negative Effects:

- Personal Income Losses
- Price Inflation
- Technological Substitution to fill Vacant Jobs
- Export Losses

Executive Summary:

Economic Benefits of Immigrants

Undocumented Immigrants Comprise 8.5% of the Texas Workforce

The Texas economy is in the midst of a multi-year labor shortage. Senate Bill 4 will exacerbate this labor shortage if undocumented workers are forced out of their jobs.

The construction, agriculture, and other services* sector have the largest shares of undocumented workers in their total workforce. **Removing significant portions of the workforce will hinder productivity and output within industries that rely on undocumented workers.**

Top Industries for Undocumented Workers



\$135.5 Billion

Combined Output (2016)

**Please refer to page 18 for a definition of the Other Services sector*

Executive Summary:

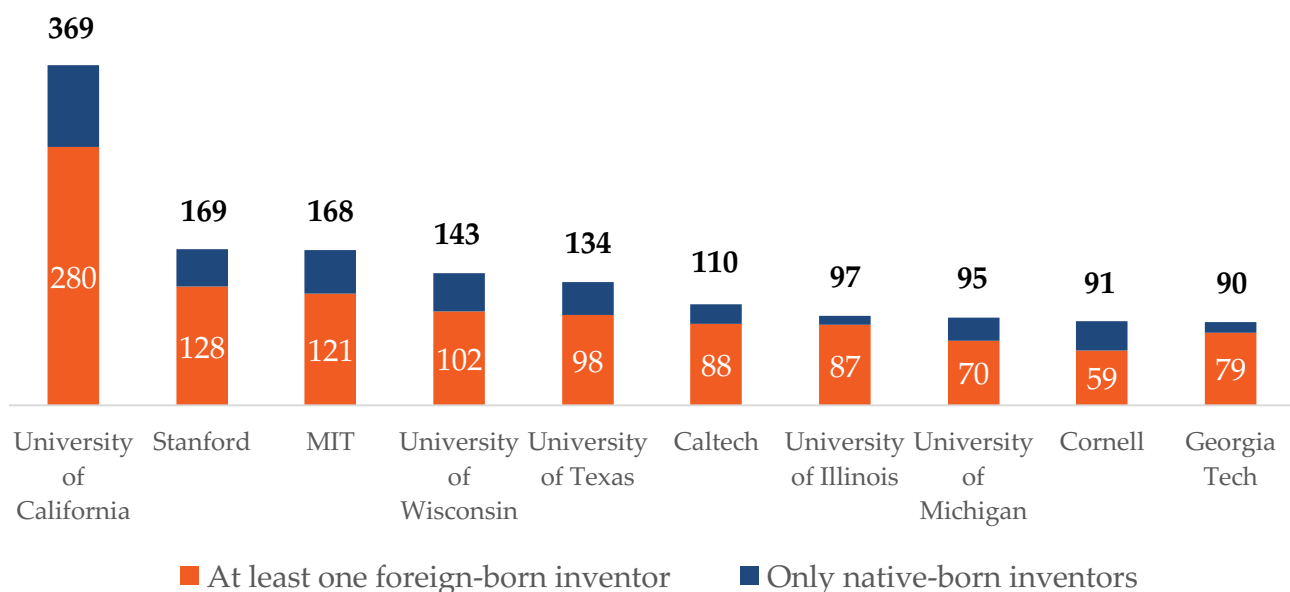
Economic Benefits of Immigrants

Immigrants Drive Innovation

In Texas, immigrants account for nearly 1 out of every 4 workers in innovative fields such as science, technology, engineering, and mathematics. Historically, sectors with greater concentrations of immigrants have generated more patents and inventions – the benefits of which provide quality of life improvements and jobs for all Americans.

Our country is home to some of the top research institutions in the world. These universities rely on global talent to drive cutting edge research and innovation. Unsurprisingly, among the United States' top 10 research institutions, **76% of all patents awarded included at least one foreign-born researcher.**

Foreign-Born Patents at America's Top 10 Patent-Producing Universities (2011)



Executive Summary:

Economic Benefits of Immigrants

Immigrants Create Jobs and Employ Native Workers

Nearly 30% of all entrepreneurs in Texas are immigrants. Business start-ups create jobs and pay wages to native workers. In fact, across the United States, **immigrants employ 1 out of every 10 private sector worker.**



Temporary Visa Programs Create Jobs for Native Workers

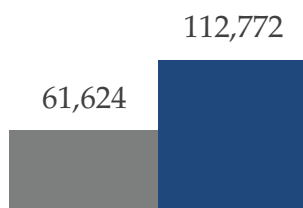
The presence of foreign-born workers on temporary visas – like the H-1B and H-2B visas, create job opportunities for native workers. One particular study evaluated the impact of these programs on job opportunities for native workers from 2000 to 2007. The results illustrate the invaluable job creation benefits that temporary visas provide native workers.

H-1B

- Workers in specialty occupations with a bachelors degree or above

For every 100 H-1B workers, **183 jobs were created for native-workers**

H-1B Visas in Texas
(2016)



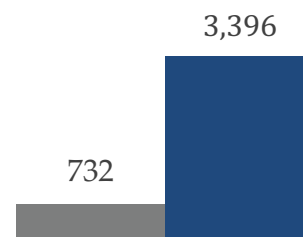
■ H-1B Visas Awarded ■ Domestic Jobs Created

H-2B

- Seasonal nonagricultural workers from one of 59 eligible countries

For every 100 H-2B worker, **464 jobs were created for native-workers**

H-2B Visas in Texas
(2016)



■ H-2B Visas Awarded ■ Domestic Jobs Created

Executive Summary:

Rebuilding After Harvey

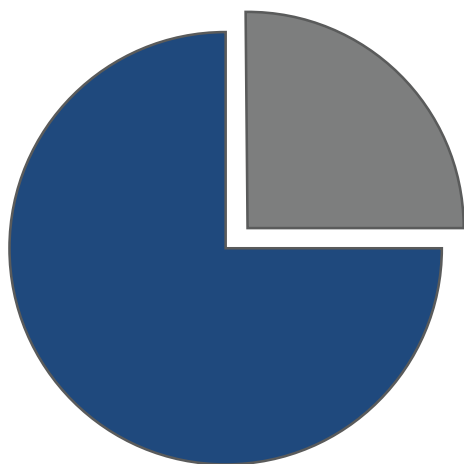
Hurricane Harvey left over \$180 billion in total damage to Texas, making it the costliest hurricane in United States history. To rebuild, Texas will need an influx of construction workers to meet the demands of an already depleted labor market.

Shortage of Construction Workers

According to a recent survey conducted by the Associated General Contractors of America, nearly 70% of Texas contractors are “having a hard time filling some hourly craft positions”. Hourly craft positions represent the majority of the construction workforce and include jobs such as concrete workers, electricians, and masons.

Given that undocumented workers make up 25% of the construction industry in Texas, Senate bill 4 will deplete the state of a large segment of workers needed to aid Texas in its rebuilding efforts.

Historical Significance of Undocumented Workers



25%

Share of undocumented labor in the construction workforce tasked with rebuilding after Hurricane Katrina

Executive Summary

Negative Effects of Senate Bill 4

Economic Development Perspective on Senate Bill 4

AE administered a survey among economic development professionals throughout Texas to assess their perspectives on Senate Bill 4 and its implications.



1 in 5 economic development organizations in Texas **oppose** Senate Bill 4



1 in 4 economic development organizations believe Senate Bill 4 will **hinder economic development efforts**

Senate Bill 4's Fiscal Burden on Local Governments

Enforcement of Senate Bill 4 creates an unfunded fiscal burden to local governments and puts these entities at risk of incurring legal fees. In 2016, Texas counties were reimbursed 2% of the total costs associated with incarcerating undocumented immigrants under the State Criminal Alien Assistance Program (SCAAP).

Senate Bill 4 will exacerbate these costs, as sheriffs' offices will be forced to ramp up the enforcement of federal immigration laws.

Counties with Greatest Incarceration Costs for Undocumented Immigrants (2016)		
County	Incarceration Costs for Undocumented Immigrants	Share Covered by SCAAP Awards
Harris	\$12.8 million	7.0%
Dallas	\$6.9 million	9.2%
Travis	\$3.8 million	10.5%

Executive Summary

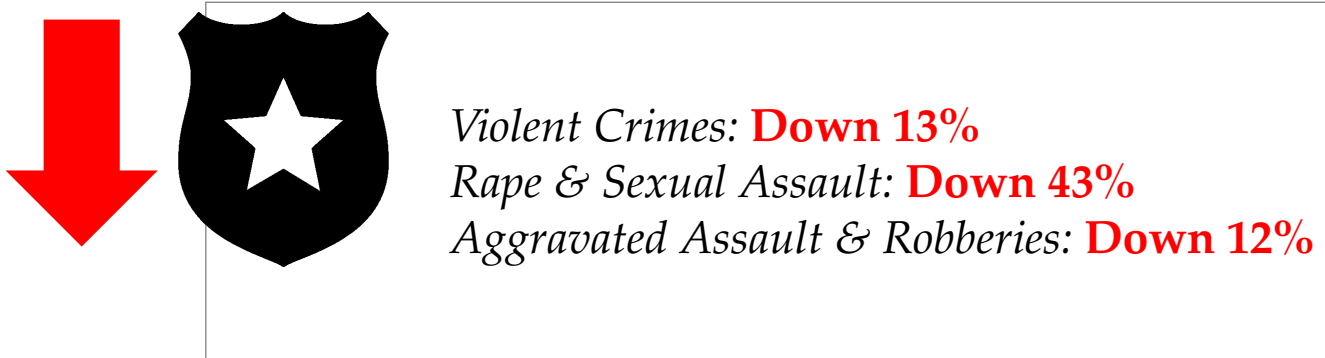
Negative Effects of Senate Bill 4

Senate Bill 4 is Threatening Public Safety

Across the country, police departments are experiencing lower rates of crime reporting among Hispanic communities. This trend is exacerbated by the heightened crackdown on undocumented immigrants, who are likely reporting less crimes due to increased deportation fears.

In Texas, Senate Bill 4 is straining the relationship between Hispanic communities and law enforcement officials, ultimately threatening public safety. **According to Houston Sheriff Art Acevedo, crime reporting is significantly lower among Hispanic residents compared to non-Hispanic residents.**

Houston Crime Reporting Statistics Among Hispanic Residents (2017)



Economic Benefits of Immigrants

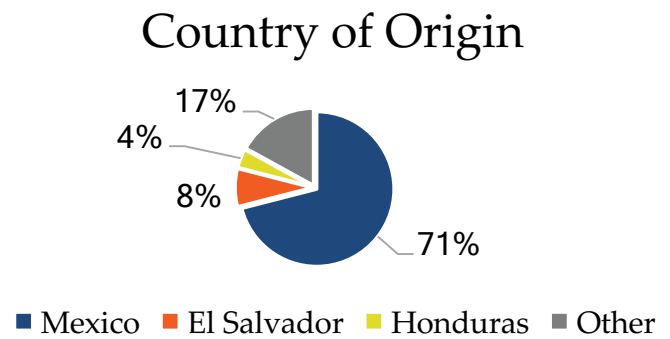
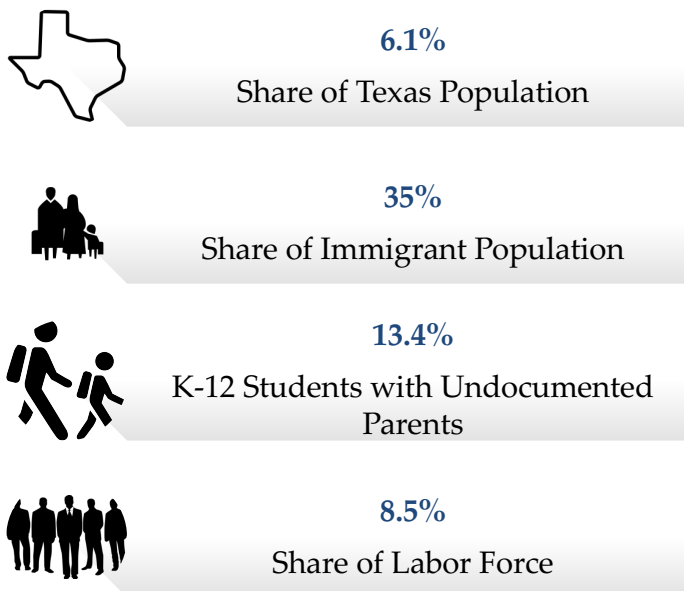


Economic Benefits of Immigrants

According to the Pew Research Center, Texas had approximately 1.65 million undocumented immigrants in 2014 – the second largest population in the country. However, from 2009 to 2014, the number of undocumented immigrants has not changed significantly. Under Senate Bill 4, the population of undocumented immigrants will likely decline, as sanctuary cities will be pressured into complying with federal immigration enforcement regulations.

Undocumented immigrants, like their native counterparts, still receive public services from local, state and federal governments. Certainly, undocumented immigrants do not receive the same level of services as natives, but nonetheless, they receive benefits to a certain degree. When assessing the fiscal burden of undocumented migrants it is imperative to also consider the revenue that undocumented immigrants generate via taxes, fees and regulations. Only then can an accurate fiscal assessment of undocumented immigrants be taken into consideration.

Demographics of Undocumented Immigrants in Texas (2014)



Population by Major Metro Area

Houston-The Woodlands-Sugarland: 575,000
 Dallas-Fort Worth-Arlington: 475,000
 Austin-Round Rock: 100,000

Source: Pew Research Center

Economic Benefits of Immigrants

The following fiscal analysis is based on a study released by the Texas Comptroller in 2006. At the time, the number of undocumented immigrants living in Texas was approximately 1.4 million people. The most recent estimate of this figure (2014) puts the number of undocumented immigrants at 1.65 million people.

The following analysis updates the Comptroller's figures for 2017 by accounting for 250,000 additional undocumented immigrants, and converting the figures into current dollars (2017).

Statewide Fiscal Burden of Undocumented Immigrants

At the state level, undocumented immigrants are provided public services to a certain degree. **In total, undocumented immigrants cost Texas \$2.0 billion in 2017.** These public services are broken down into three categories:

Total Cost: \$2.0 billion

\$1.7 billion Education Costs

- Public Education
- Higher Education

\$99.8 million Healthcare Costs

- Emergency Medicaid
- Children with Special Healthcare Needs
- Substance Abuse
- Mental Health
- Immunizations
- Women/School
- Public Health
- EMS

\$224.7 million Incarceration Costs

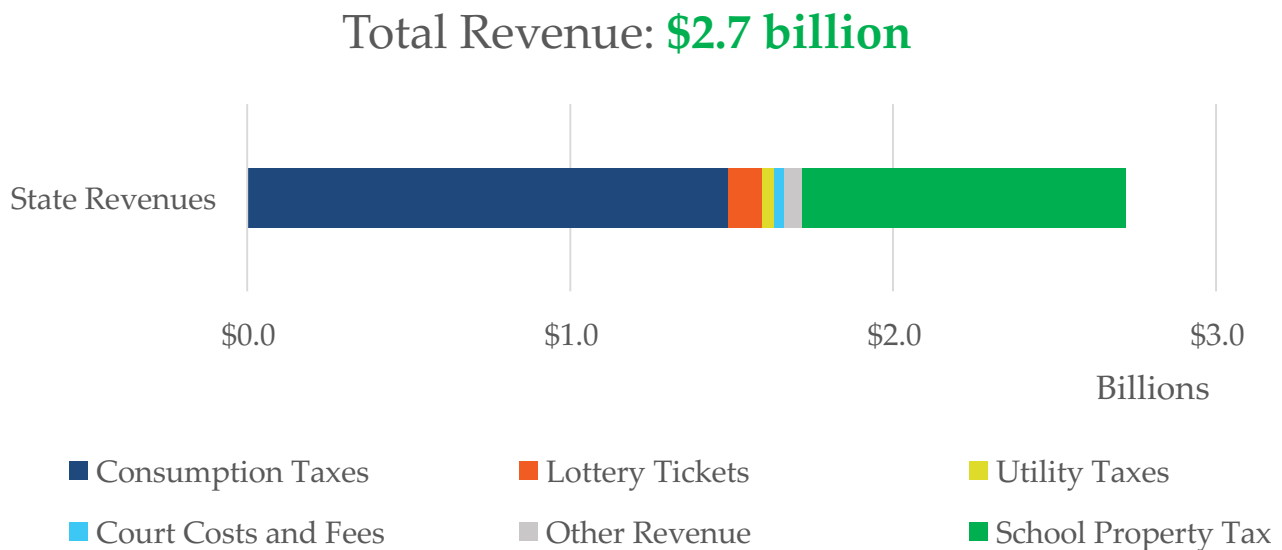
- Incarceration of Undocumented Immigrants

Economic Benefits of Immigrants

State Revenue Generated by Undocumented Immigrants

Although undocumented immigrants do not pay every tax that is levied against the average citizen, they still contribute significantly to numerous state tax funds. Undocumented immigrants contribute to consumption taxes like state sales tax, hotel and occupancy taxes, gasoline taxes, etc. Additionally, they purchase lottery tickets, pay utility related taxes, court costs and fees, and school property taxes.

In total, undocumented immigrants contributed \$2.7 billion to state revenues in 2017.

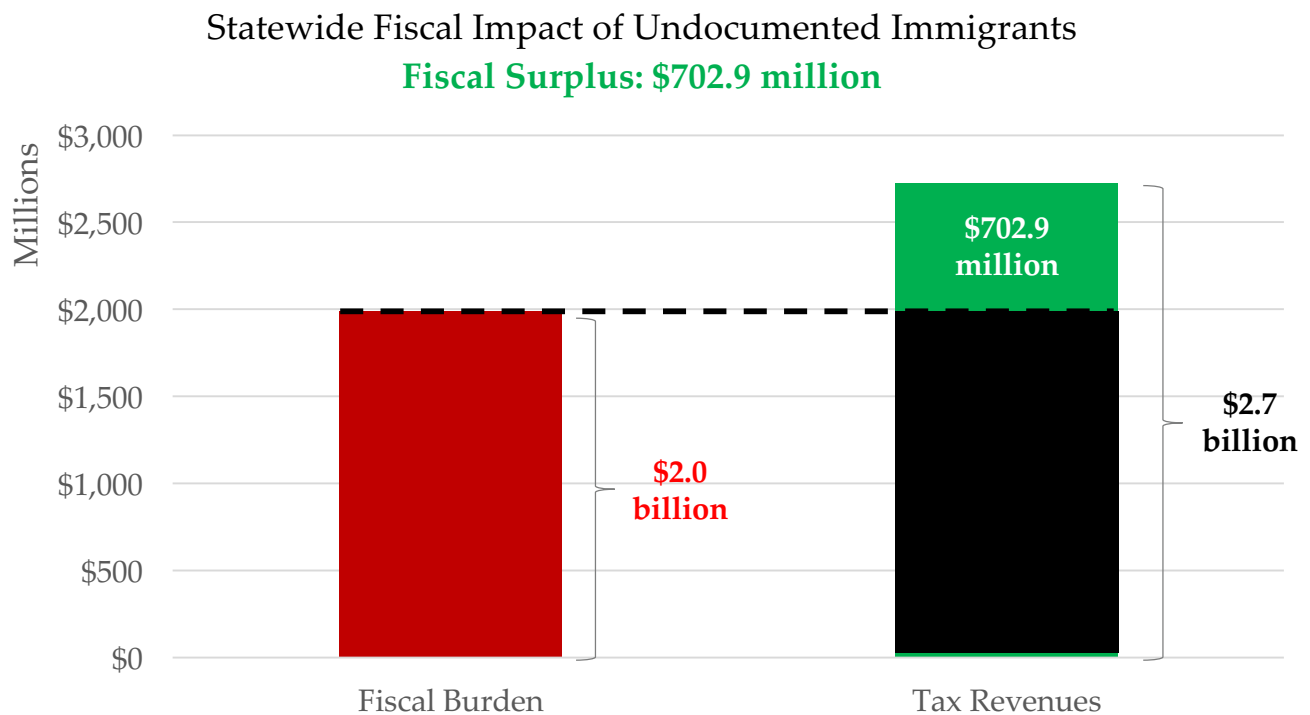


Source: Texas Comptroller, AE

Economic Benefits of Immigrants

Statewide Fiscal Impact of Undocumented Immigrants

Together, undocumented immigrants provide a net fiscal surplus to the Texas economy. **The state receives \$2.7 billion in various revenues, while providing \$2.0 billion in services, therefore netting \$702.9 million in fiscal revenue.**



Return on Investment:



For every \$1 spent on public services, undocumented immigrants return \$1.34 in fiscal revenue.

Source: Texas Comptroller, AE

Economic Benefits of Immigrants

Impact to Texas GDP

Macroeconomic drivers of growth are sensitive to demographic changes, especially workforce related measures. **By removing undocumented immigrants, the state would forgo billions of future dollars in lost productivity, wages and exports.**

According to REMI & Business Roundtable, **the Texas economy would forego \$78 billion in statewide GDP over the next 10 years if most undocumented immigrants were driven from the state.** An important takeaway from this study is the persistent and negative long-term effects that occur from removing the undocumented immigrant population.



Source: REMI, Business Roundtable

Economic Benefits of Immigrants

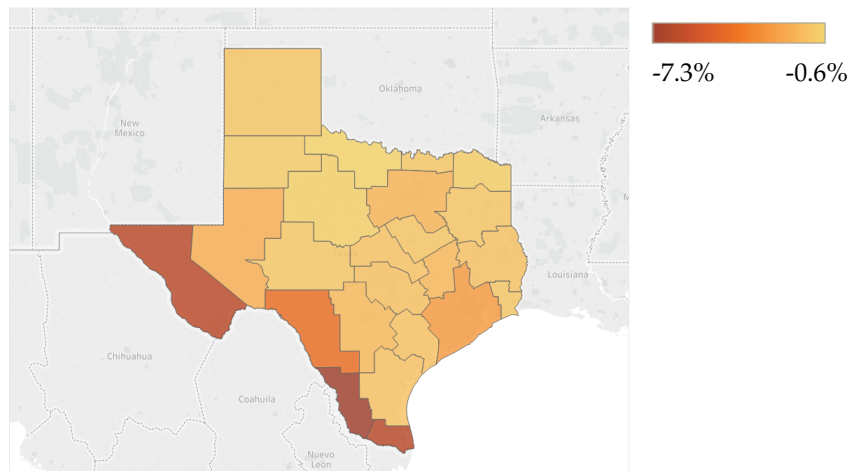
Impact to the Texas Labor Force

Undocumented immigrants provide significant contributions to the Texas economy. **In general, immigrants are 38.4% more likely to work than native-born Texans, making them an important driver of macroeconomic growth.** Altogether, undocumented immigrants account for roughly 8.5% of the Texas labor force, or 1.15 million workers.

Removing undocumented workers from the Texas labor force would have lasting, negative effects on the state economy. According to REMI & Business Roundtable, **Texas would lose 875,000 jobs over 10 years if undocumented workers were removed from the state.**

Areas with high concentrations of undocumented immigrants face disproportionate effects to their regional labor market. According to a study conducted by the Texas Comptroller, **the southern border regions of Texas would see the most drastic changes to their labor forces – falling 4.3% to 7.3% below their twenty-year targets.**

Regional Labor Force Effects of Removing Undocumented Immigrants 20 Year Forecast



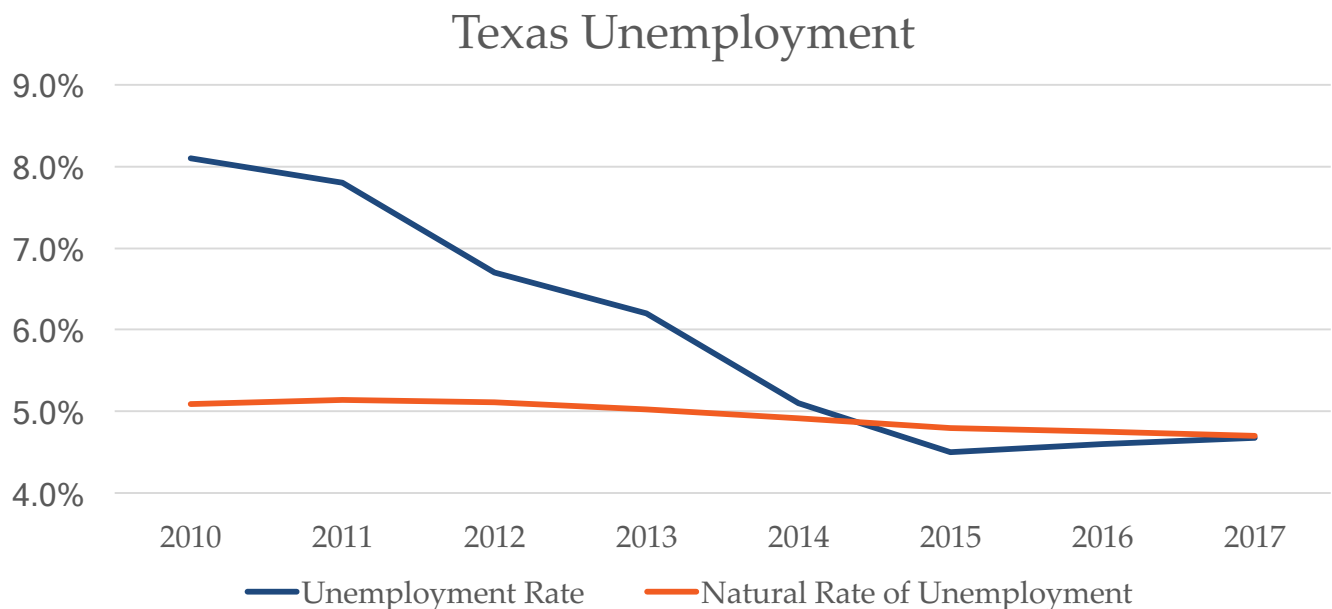
Source: Texas Comptroller, REMI, Business Roundtable

Economic Benefits of Immigrants

Impact to the Texas Labor Force

Today, the Texas economy finds itself in a unique situation compared to other states. Over the past three years, the state's unemployment rate has fallen below the natural rate of unemployment – **indicating a shortage of workers throughout the state.**

The natural rate of unemployment is the rate at which the economy is considered to be at full employment. As for the unemployment that does exist, it is primarily due to employees transitioning between jobs, rather than economic downturns.



If undocumented workers are forced out of their jobs, it will be difficult for Texas businesses to replace them. Quite simply, there are not enough workers in the Texas economy to fill additional workforce vacancies.

Economic Benefits of Immigrants

Impact to Major Texas Industries

Industries throughout the Texas economy rely on the undocumented workforce. **Construction, Agriculture, and Other Services* employ the largest share of undocumented workers in Texas.** Senate Bill 4 will create uncertainty in these labor markets and ultimately disrupt the productivity and output of businesses that employ undocumented workers. Combined, these industries generated \$135.5 billion of output in 2016.

Removing significant portions of the workforce in each industry will hinder productivity and output. For the construction industry, these losses will be significant, considering one fourth of the total workforce is comprised of undocumented workers.

Construction



\$91.9 billion
2016 Industry Output

25%
Total Workforce Share of
Undocumented Workers

989,460
Number of Undocumented
Workers

Agriculture



\$9.9 billion
2016 Industry Output

18%
Total Workforce Share of
Undocumented Workers

448,581
Number of Undocumented
Workers

Other Services



\$34.5 billion
2016 Industry Output

15%
Total Workforce Share of
Undocumented Workers

661,602
Number of Undocumented
Workers

**Establishments in this sector are primarily engaged in activities such as equipment and machinery repairing, promoting or administering religious activities, grant making, advocacy, and providing dry-cleaning and laundry services, personal care services, death care services, pet care services, photofinishing services, temporary parking services, and dating services.*

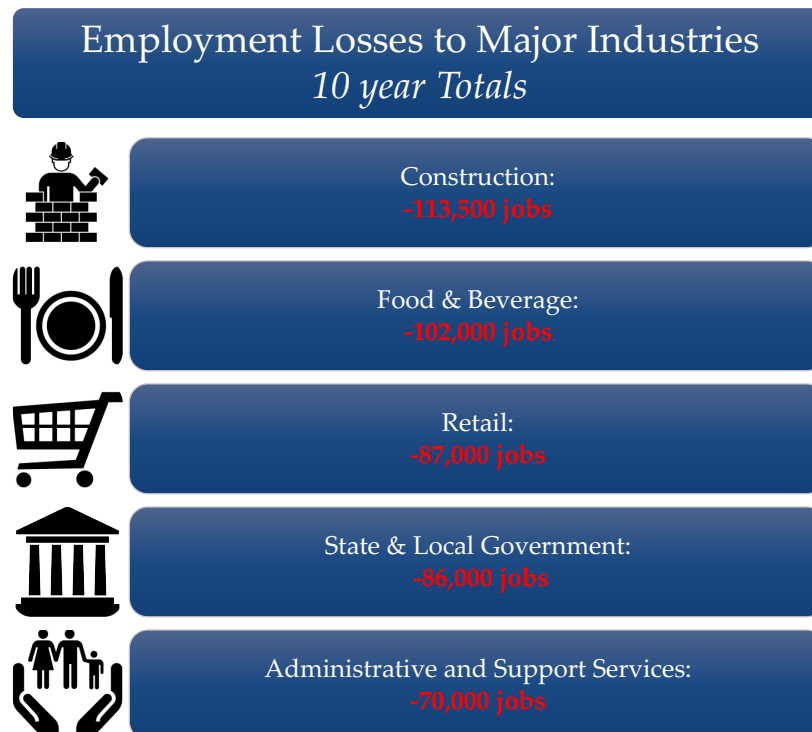
Sources: Bureau of Economic Analysis, Pew Research Center,

Economic Benefits of Immigrants

Employment Losses

Industries throughout the Texas economy rely on undocumented immigrants as both workers and consumers. Removing undocumented workers from their jobs will negatively effect businesses that are further down the supply chain from industries that employ undocumented labor. As consumers, undocumented immigrants purchase goods and services like all other Texans. Removing this consumer base will impact the bottom line of businesses that rely on them.

These effects were quantified by REMI & Business Roundtable as employment losses over a 10 year period. **According to the study, Texas would lose 875,000 jobs over the next ten years if most undocumented immigrants were removed from the state.**



Source: REMI, Business Roundtable

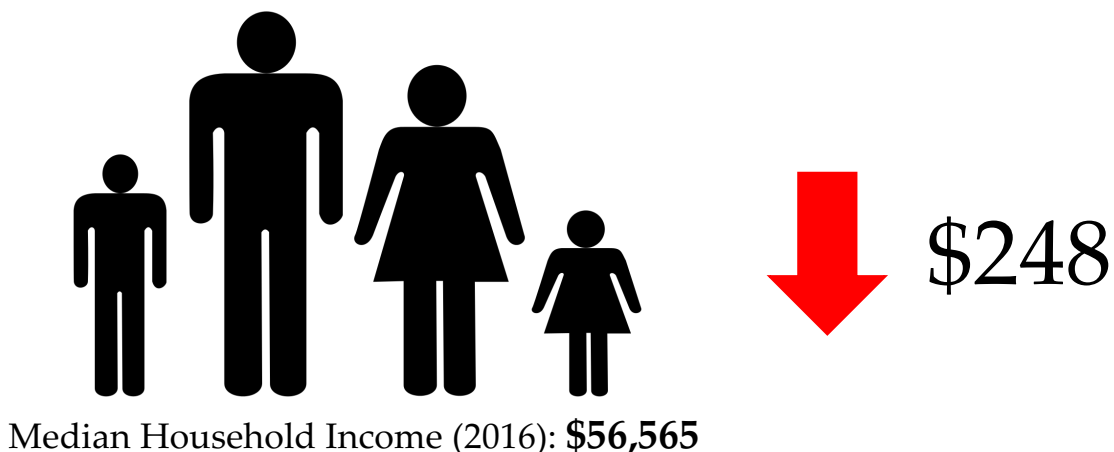
Economic Benefits of Immigrants

Personal Income Losses

Similar to employment losses, personal incomes will decline if undocumented immigrants are removed from the state. Removing undocumented workers will disrupt the productivity of businesses where they were employed, and consequently businesses further down the supply chain. Additionally, removing undocumented immigrants will reduce the revenues of business that rely on them as consumers.

These losses will be partially offset by rising wages, as businesses compete to fill the voids left by undocumented labor. However, productivity and consumption losses will outweigh wage gains, as the economy will be slow to replace nearly 1.15 million vacancies left by undocumented workers.

Median household income is a common way to gauge the personal income level of a given geographical area. **According to REMI & Business Roundtable, the median household income in Texas would decline by \$248 in one year if most undocumented residents were removed from the state.**



Source: REMI, Business Roundtable, Census Bureau



Economic Benefits of Immigrants

Price Inflation

As previously mentioned, the economy will be slow to replace nearly 1.15 million undocumented workers. Persistent labor shortages will force businesses to increase wages to compete with other firms that are also trying to attract and retain talent. **As a result, firms will increase prices, ultimately placing additional labor costs on consumers.**

Technological Substitution to Fill Vacant Jobs

Businesses will find additional ways to recover from vacancies left behind by undocumented workers. To dampen output losses over time, **new technologies and machinery would likely emerge to fill voids left behind by undocumented workers. If such is the case, these positions would likely never return.**

Export Losses

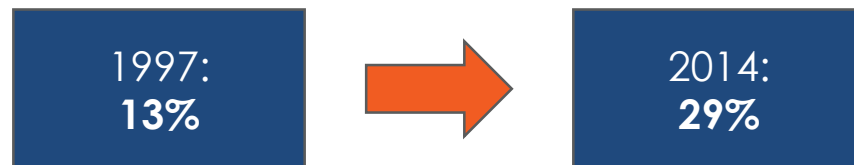
Texas exporters rely on undocumented labor to produce goods that are sold in global markets. As previously discussed, removing undocumented labor will lead to rising labor costs and ultimately price inflation. **This would hurt Texas exporters, as they would no longer be able to compete with states and countries that can afford to produce the same goods for less.**

Economic Benefits of Immigrants

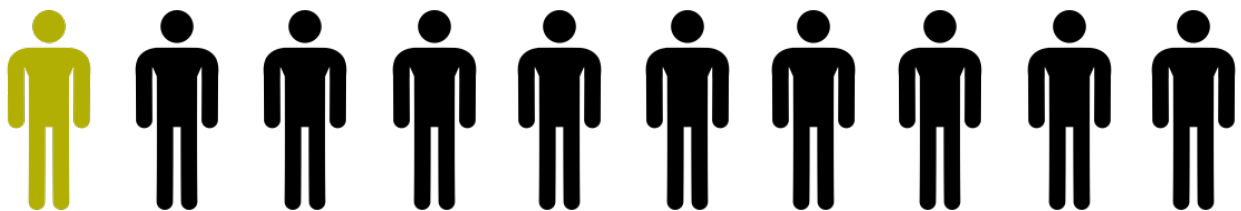
Impact to Entrepreneurship and Employment

Immigrant populations are nearly twice as likely to be entrepreneurs compared to their native-born counterparts. Disenfranchising current and incoming immigrants will stem rates of entrepreneurship and business start-ups. This is likely to be a long-term impact with implications across the nation due to an increasing rate of new entrepreneurs among immigrant populations.

Share of Foreign-Born, New Entrepreneurs



In 2014, 29% of new entrepreneurs were immigrants, which is up from just 13% in 1997. Lower rates of entrepreneurship will lead to fewer jobs created each year, as **immigrants employ 1 out of every 10 private sector workers in the U.S.** Fewer immigrants means fewer job opportunities for all labor force participants.



Economic Benefits of Immigrants

Impact on Job Creation

Today's economic literature is riddled with studies which dispel the notion that immigrants take jobs away from their native-born counterparts. In fact, immigrants of all skill levels create jobs for natives due to their consumption of goods and services and entrepreneurial activity.

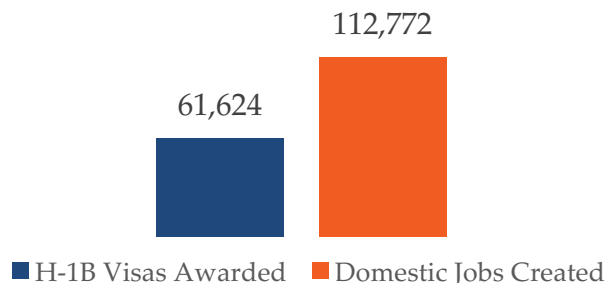
One particular study focused on temporary visa programs and their impact on job creation for native-born workers in the United States from 2000 to 2007.

H-1B

- Workers in specialty occupations with a bachelor's degree or higher

For every 100 H-1B workers, **183 jobs were created for native-workers**

H-1B Visas in Texas (2016)

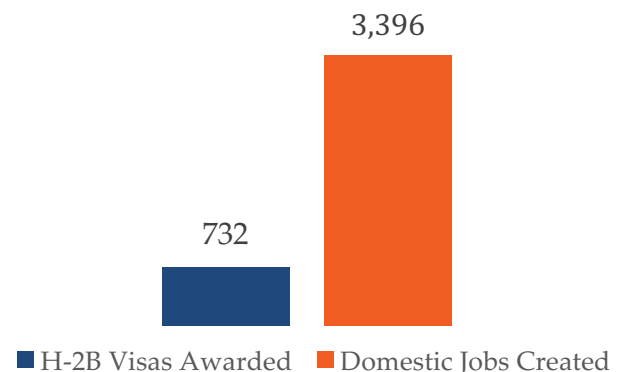


H-2B

- Seasonal nonagricultural workers from one of 59 eligible countries

For every 100 H-2B workers, **464 jobs were created for native-workers**

H-2B Visas in Texas (2016)



Source: American Enterprise Institute, Partnership for a New American Economy

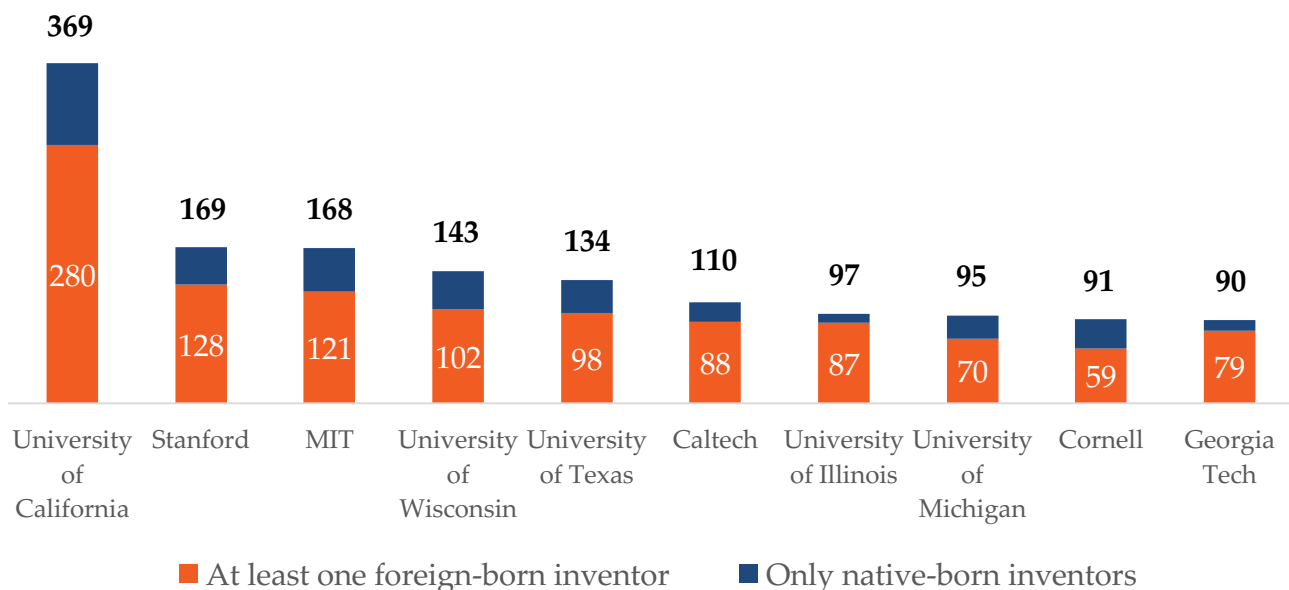
Economic Benefits of Immigrants

Impact to Innovation

Historically, foreign-born workers have driven American innovation. According to a study by economists from the University of Chicago and Harvard Business school, American sectors with greater proportions of foreign-born workers generated more patents and inventions compared to sectors with greater shares of native-workers spanning from 1940 – 2000.

Even today, foreign-born workers continue to create patents and drive innovation. A recent study released by The Partnership for a New American Economy documented the number of patents at America's top 10 patent-producing universities in 2011. **Across these 10 institutions, 76% of all patents awarded included at least one foreign-born worker.**

Foreign-Born Patents at America's Top 10 Patent-Producing Universities (2011)



Source: New American Economy

Rebuilding After Harvey





Rebuilding After Harvey

It is estimated that Hurricane Harvey left over \$180 billion in total damage to Texas, which would make it the costliest hurricane in United States history. To rebuild the cities damaged by Harvey, Texas will need an influx of construction workers to fill the voids in an already depleted labor market.

Shortage of Construction Workers

According to a recent survey conducted by The Associated General Contractors of America, **nearly 70% of Texas contractors are “having a hard time filling some hourly craft positions”**. Hourly craft positions represent the majority of the construction workforce, and include jobs such as concrete workers, electricians, and masons. In response to labor shortages, 57% of Texas contractors reported increasing the base pay rates for craft hourly positions.

Relief efforts will place a greater strain on an already depleted labor market. Some gaps will be offset by labor moving into Texas to fill voids, but if Hurricane Katrina is any indication, undocumented immigrants will be an integral part of rebuilding efforts.

Undocumented immigrants make up 25% of the construction industry in Texas. Senate Bill 4 will drive these workers away, depleting the state of a large segment of workers needed to aid Texas in its rebuilding efforts.

Rebuilding After Harvey

Case Study: Hurricane Katrina

According to researchers from the University of California Berkeley, undocumented immigrants made up approximately 25% of the construction workforce after Hurricane Katrina. At the time, certain labor restrictions were suspended, allowing federal contractors to hire labor without checking legal status. This brought an influx of undocumented workers to Louisiana, where they were tasked with more labor-intensive duties compared to natives.

While relaxed labor restrictions brought many workers to Louisiana, it also fostered an unsafe and unfair work environment for undocumented workers.

Labor Abuses of Undocumented Immigrants



On average, undocumented workers were paid \$6.50 less per hour than documented workers



34% reported that they received less money than expected – compared to 16% for documented workers



20% were paid overtime wages – compared to 74% for documented workers



Undocumented workers were less likely to receive safety equipment compared to documented workers

Burden on Local Governments



Burden on Local Governments

Unfunded Fiscal Burden to Enforce Senate Bill 4

Enforcement of Senate Bill 4 creates an unfunded fiscal burden to local governments and institutions and puts these entities at risk of incurring legal fees. Municipalities, counties and institutions of higher education will see increased costs for police, jails, criminal justice and other agencies.

The Federal government created the State Criminal Alien Assistance Program (SCAAP) to reimburse local sheriffs offices for the costs associated with incarcerating undocumented immigrants convicted of certain crimes. In 2016, the SCAAP program reimbursed a total of \$4.7 million to 107 Sheriffs Offices throughout Texas. These funds ranged from covering 3.1% to 34.7% of the total costs to each county in dealing with undocumented immigrants that committed crimes.

Under Senate Bill 4, these costs will increase, as Sheriffs Offices throughout the state will be required to comply with federal immigration policies – meaning more undocumented immigrants, both criminal and noncriminal, will be detained. These additional costs will primarily fall on the ledgers of local Sheriffs Offices.

Further, the budget proposal submitted by President Donald Trump seeks to abolish the SCAAP program altogether. This would guarantee that reimbursements would no longer be issued to state or local governments for the incarceration of undocumented immigrants. Further, municipalities, county governments and institutions of higher education will incur legal costs to defend lawsuits related to enforcement of Senate Bill 4.

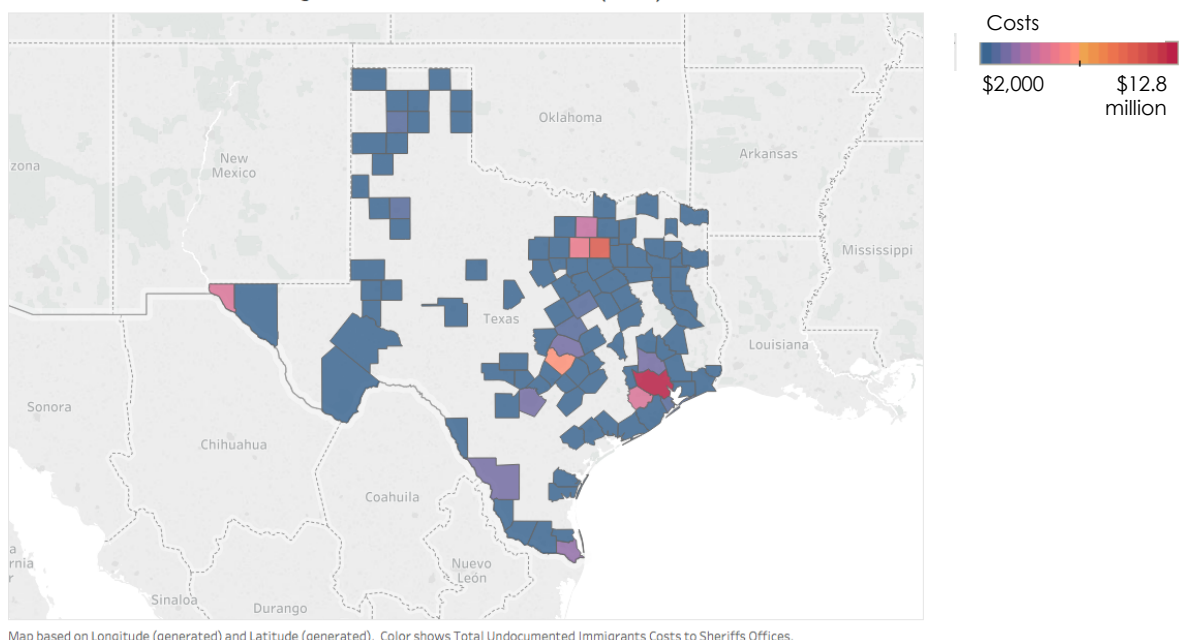
Burden on Local Governments

Unfunded Fiscal Burden to Enforce Senate Bill 4

In 2016, \$4.7 million of SCAAP reimbursement funds were awarded to 107 of Texas' 254 counties. These costs were greatest in Texas' major metropolitan areas.

AE estimates that \$252.6 million was spent incarcerating undocumented immigrants that committed crimes. **Therefore, SCAAP funds reimbursed approximately 2% of incarceration costs statewide.**

Counties with Largest SCAAP Awards (2016)		
County	Undocumented Criminal Immigrant Costs	Share Covered by SCAAP
Harris	\$12.8 million	7.0%
Dallas	\$6.9 million	9.2%
Travis	\$3.8 million	10.5%



Source: Bureau of Justice Assistance



Burden on Local Governments

Social Disruptions

Passage of Senate Bill 4 and enforcement of the law will cause social disruptions for Texas families and breed mistrust in public institutions, limiting the economic opportunity of Texans. Due to the passage of Senate Bill 4 and the law's enforcement, Texas families will be split up.

A University of Arizona study found that Arizona's Senate Bill 1070 led to reported increases in the number of students living without parents and associated "stress-related health problems" after the bill was passed. The same study also concluded that the passage of Arizona's Senate Bill 1070 "reinforced and deepened an existing mistrust of institutions in the immigrant community."

Institutional mistrust has the impact of limiting the ability of communities to fully participate in the economy, since public and professional institutions regulate much of our ability to start businesses, gain skills and find capital. Senate Bill 4 will create mistrust between immigrant communities and local law enforcement agents by forcing local agents to enforce federal immigration laws, which will hinder undocumented immigrant's willingness to report crimes. Business and talent attraction efforts will be severely hindered in communities and neighborhoods that suffer from excessive crime rates. Within the economic development community, addressing crime is an essential precursor to any development efforts.

These impacts to Texas families will result in greater financial and social instability, thereby reducing the economic opportunity of individual Texans and their communities. Reducing the economic opportunity of some has the potential to reduce the overall economic productivity and growth potential for Texas. More professionals within the economic development community are finding that the abilities and supply of their workforce is becoming one of the most important deciding factors for attracting employers.

Source: University of Arizona

Burden on Local Governments

Social Disruptions Caused by Arizona's Senate Bill 1070

Social Disruptions

- Parents were forced to leave Arizona, leaving their children behind to finish school
- High school staff reported suspicions that SB 1070 caused an increase in teenage marriages for immigration purposes
- High school health professionals reported increases in stress-related health problems among students
- Several schools lost funding and were forced to cut jobs due to decreased enrollment

Institutional Mistrust

- Families were forced into hiding for fear of deportation
- In one study, 6 out of 15 youth said they would not call the police for an emergency due to deportation fears
- Schools experienced declines in attendance for parent-teacher meetings

Source: University of Arizona

Burden on Local Governments

Undocumented Immigrants and Crime

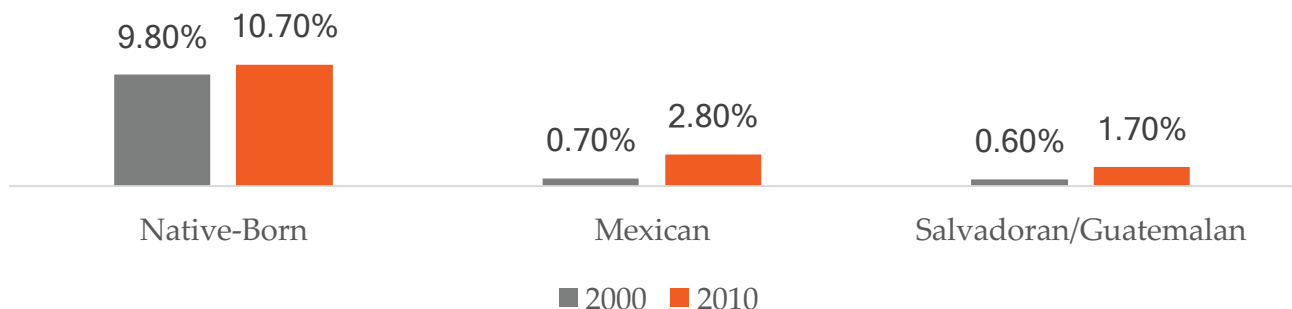
The vast majority of the relevant socioeconomic research reaches two conclusions related to immigrants and crime:

1. **Immigrants are much less likely to commit crimes than native-born citizens**
2. **The presence of large numbers of immigrants seems to lower crime rates**

Using 2010 Census data, a study by the American Immigration Council found that “incarceration rates among the young, less-educated Mexican, Salvadoran, and Guatemalan men who make up the bulk of the unauthorized population are significantly lower than the incarceration rates among native-born, young men without a high-school diploma. In 2010, less-educated native-born men aged 18-39 had an incarceration rate of 10.7% - more than triple the 2.8% among foreign-born Mexican men, and five times greater than the 1.7% among foreign-born Salvadoran and Guatemalan men.”

Incarceration Rates Among Native, Mexican and Salvadoran/Guatemalan Men

Aged 18-39, No High School Diploma



Source: American Immigration Council

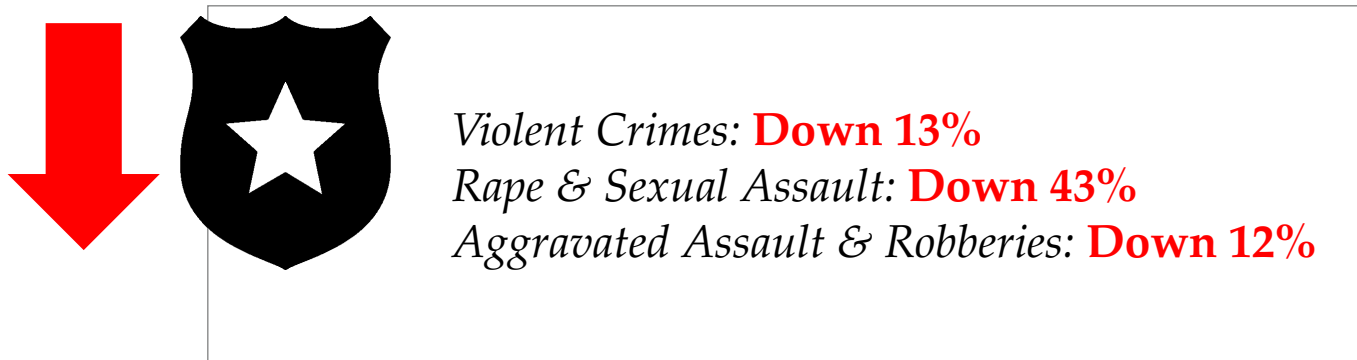
Burden on Local Governments

Undocumented Immigrants and Crime

Police departments across the country are experiencing decreases in crime reporting in Hispanic neighborhoods. Many officers believe this trend can be attributed to the heightened crackdown on undocumented immigrants. As a result, they believe it is straining their relationship within these communities. Likely, undocumented immigrants are reporting less crimes due to increased fears of deportation.

Already in 2017, crime reporting in Houston is significantly lower among Hispanic residents. According to Police Chief Art Acevedo, violent crime reporting is down 13% among Hispanics, compared to being up 12% among non-Hispanics. Reporting for rape and sexual assault is down 43% among Hispanics, while non-Hispanic reporting for the same crimes are up 8%. Finally, crime reporting for aggravated assault and robberies are down 12% in Houston (no figure was given for non-Hispanic residents).

Houston Crime Reporting Statistics Among Hispanic Residents (2017)



Source: The Washington Post

Impact to Convention & Visitors Bureaus in Texas



Impact to Convention & Visitors Bureaus in Texas

As illustrated with other versions of discriminatory legislation, Senate Bill 4 will damage Texas' likelihood of landing major conferences and events from national businesses and organizations. Organizers will pass over Texas sites if they feel threatened by Senate Bill 4's hardline stance against undocumented immigrants.

Already, the American Immigration Lawyers Association decided to relocate its 2018 convention out of Grapevine, Texas in response to Senate Bill 4. The convention would have brought 3,000 attendees and generated a sizeable economic impact for the area. Typically, these events are booked many years in advance and their cancellation incurs penalties for organizers. The result is that cancellations will increase in coming years and the economic impact of those cancellations will increase proportionally.

The opportunity cost of Senate Bill 4 is likely to be massive, yet largely unknown, since Texas may no longer be considered by many prospective businesses and organizations for investments, conferences or events.



Economic Loss of 2018 AILA Conference Relocation

- Attendees: **3,000**
- Economic Impact: **\$3 million**

Source: Associated Press



Impact on Economic Development in Texas





Impact on Economic Development in Texas

To investigate the perceptions of this legislation within the economic development community, AngelouEconomics (AE) distributed a survey to members of the Texas Economic Development Council (TEDC). TEDC is a statewide, non-profit professional association dedicated to the development of economic and employment opportunities in Texas. Respondents included economic development professionals from small and medium sized communities throughout Texas. These organizations are on the front lines of attracting businesses and growing employment opportunities for Texas communities. From the survey, AE determined the following:



1 in 5 economic development organizations in Texas **oppose** **Senate Bill 4**



1 in 4 economic development organizations believe Senate Bill 4 will **hinder their economic development efforts**

Source: AE

Fallout from Other Forms of Discriminatory Legislation



Fallout from Other Forms of Discriminatory Legislation

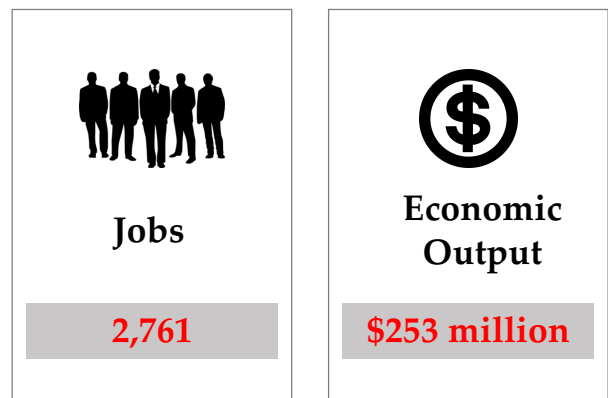
Arizona Senate Bill 1070, "Show Me Your Papers"

In 2010, Arizona passed Senate Bill 1070: The Support our Law Enforcement and Safe Neighborhoods Act. At the time of passage, this measure was considered to be one of the strictest actions taken against undocumented immigrants. Similar to Senate Bill 4, Arizona's law was met with great controversy, as critics cited that it encouraged racial profiling and could potentially lead to civil rights violations of U.S. citizens.

In response to the measure, local governments from across the country passed boycott resolutions against Arizona. Some resolutions barred public employees from attending work-related events in Arizona, while others limited business activity with firms headquartered in Arizona. As a result, some businesses suffered losses as they were denied contracts from select municipalities.

Perhaps the greatest losses for Arizona came in the convention and event industry. In just four months, Arizona lost numerous event bookings which would have brought \$141 million in visitor spending dollars. In total, this spending would have supported 2,800 full-time job equivalents and paid over \$87 million in wages. In total, this measure cost Arizona \$253 million in total economic output.

Spending Category	Amount
Lodging	\$45 million
Food and Beverage	\$50.1 million
Entertainment	\$13.4 million
Transportation	\$14.1 million
Retail	\$18.8 million
Total Visitor Spending	\$141 million



Source: Center for American Progress

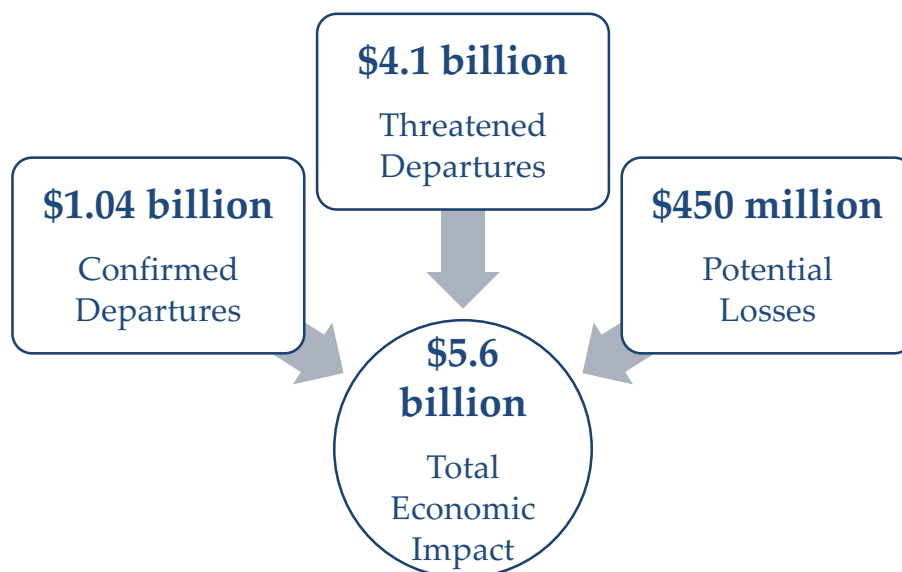


Fallout from Other Forms of Discriminatory Legislation

Texas Privacy Act, “Bathroom Bill”

In 2017, Texas attempted to pass numerous forms of a controversial “Bathroom Bill,” which would have required transgender individuals to use bathrooms, changing facilities and showers in public facilities based on their biological sex. The legislation was met with strong opposition, especially from members of the business community. 51 Fortune 500 companies publicly condemned the measure, while over 720 business and their leaders publicly opposed the bill.

AngelouEconomics performed an economic impact study for the Texas Association of Business, which measured the economic fallout from the “Bathroom Bill.” To determine the extent of economic losses, the study surveyed economic development and convention and event professionals throughout the state, asking whether any investments were postponed or canceled due to the bill. In total, the state risked losses of \$5.6 billion through 2026 if the measure had passed. AE arrived at this figure by quantifying the losses already accrued, in addition to threatened and potential economic losses.



Source: AE

Fallout from Other Forms of Discriminatory Legislation

North Carolina House Bill 2, "Bathroom Bill"

In 2016, North Carolina enacted House Bill 2: The Public Facilities and Security Act. Similar to the Texas "Bathroom Bill," this measure also required individuals to use public restrooms and changing facilities according to their biological sex. One year after passing the measure, the Associated Press documented the investments and events that were lost due to the bill.

In total, North Carolina lost \$3.76 billion in one year after passing the measure. The largest investment lost was a PayPal facility which would have brought \$2.66 billion in economic output and 400 full-time job equivalents. Other notable losses include a \$542 million Deutsche Bank facility and the 2017 NBA All-Star Game.

Total Fallout: **\$3.76 Billion**

Notable
Withdrawals
due to House
Bill 2

PayPal Facility: **\$2.66 billion**

Deutsche Bank Facility: **\$543 million**

CoStar Facility: **\$250 million**

NBA All-Star Game: **\$100 million**

Adidas Facility: **\$67 million**

Source: Associated Press

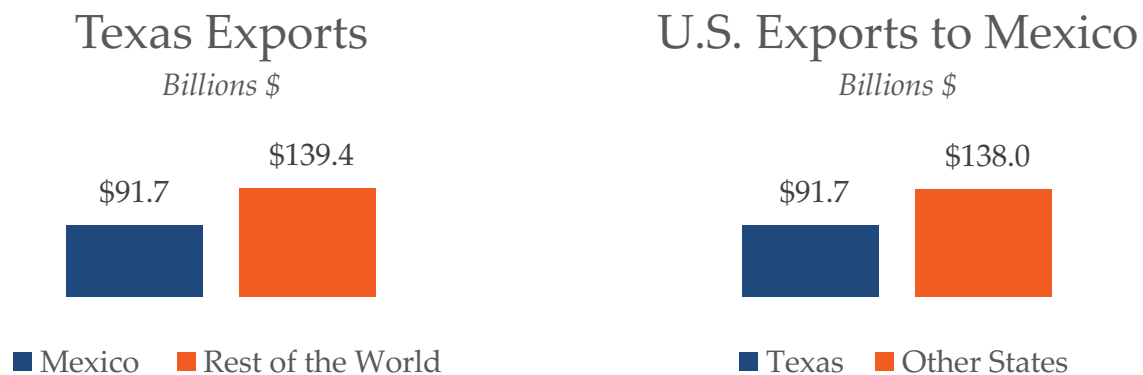
Case Study: Economic Relationship Between Texas and Mexico



Case Study: Economic Relationship Between Texas and Mexico

Exports to Mexico

In 2016, Texas exported \$91.7 billion worth of goods to Mexico, making Mexico Texas' largest trade partner. Among other states, Texas is the leading exporter to Mexico, accounting for nearly 40% of all U.S. goods destined for the country.



Senate Bill 4 threatens to add tension to an already strained diplomatic relationship between the U.S. and Mexico. In June, the Mexican government filed a sworn statement to the U.S. District Court for the Western District of Texas, arguing why the bill should not be enacted into law. As trade negotiations continue between the U.S. and Mexico over the North American Free Trade Agreement (NAFTA), the Mexican government may choose to penalize American exports in retaliation of Senate Bill 4.

Nearly 970,000 jobs in the U.S. are supported by exports to Mexico. Given that Texas accounts for nearly 40% of all exports, it is safe to say that Texas stands to lose the most of any state should Mexico place trade barriers on U.S. goods.

Texas Share of U.S. Exports to Mexico

40%

U.S. Jobs Supported by Exports to Mexico

968,000

Source: International Trade Administration

Ending DACA





Ending DACA

The Deferred Action for Childhood Arrivals (DACA) program was created to protect individuals who entered the United States illegally as minors from deportation. Recipients are given renewable two-year periods of deferred action from deportation and granted access to work permits.

The policy has since been rescinded by the Trump Administration, which will impact its 790,000 recipients nationwide.

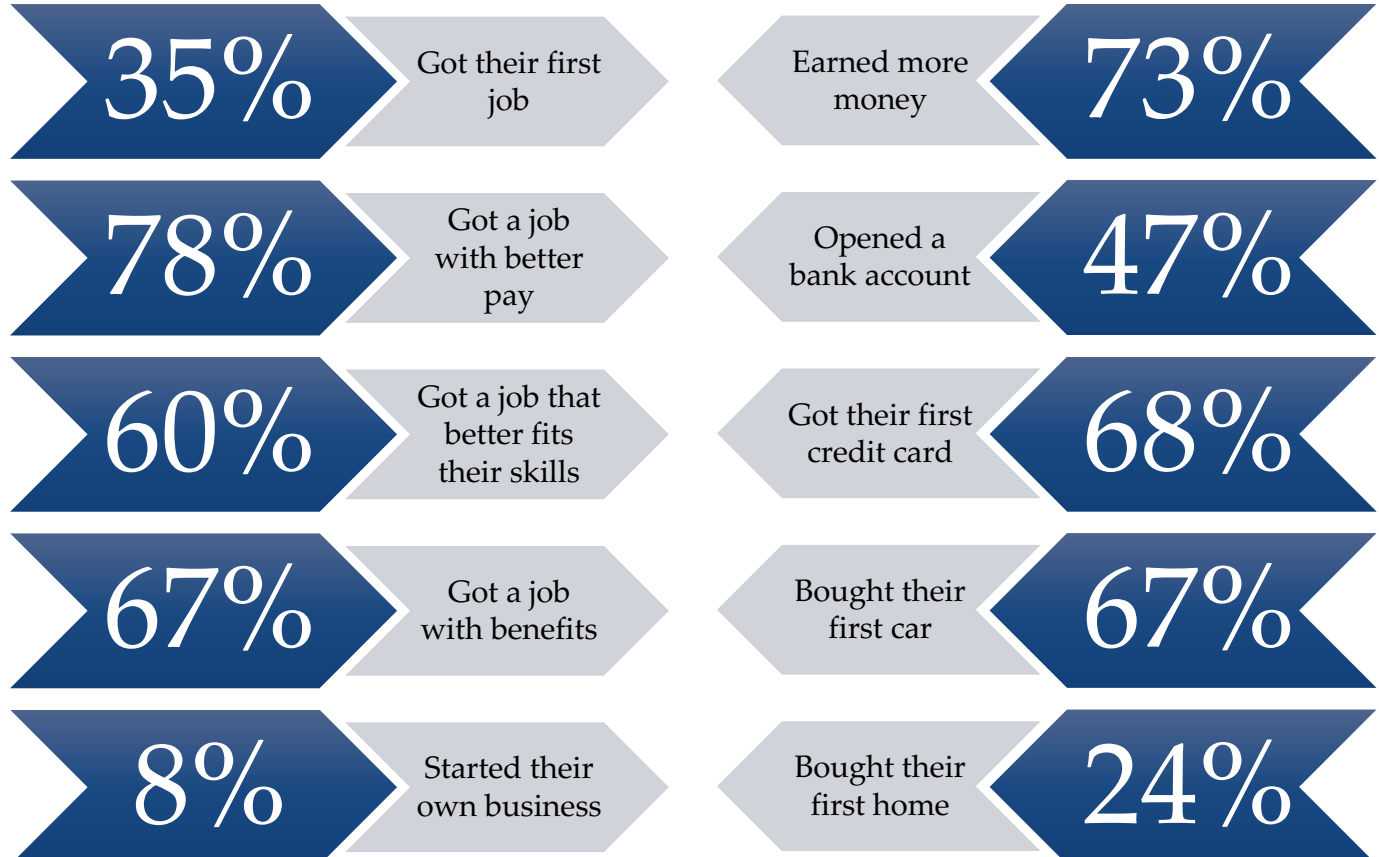
Texas is home to nearly 14% of all DACA eligible individuals, or 271,000 “Dreamers”. The majority of these individuals live in Texas’ major metro areas, like Houston’s Harris County, which is home to 68,000 DACA eligible individuals. **If DACA recipients are not provided a pathway to citizenship, the negative economic consequences of a depleting labor market will be felt disproportionately in Texas and its major cities.**

Ending DACA

DACA Empowers its Recipients

Upon receiving approval on their DACA application, many Dreamers report making significant improvements within their personal and professional lives. **These improvements not only empower Dreamers, but also provide significant indirect benefits to our economy.**

In 2017, the Center for American Progress surveyed a random sample of DACA recipients to understand the economic and educational gains made for individuals after their DACA application's were approved. Recipients above the age of 25 reported the following:



Source: Center for American Progress

Ending DACA

Economic Benefits of DACA Recipients

DACA recipients have unique economic characteristics that stand out among the general population. Dreamers were brought to the United States as children, so they have benefited from American schools and universities. From when the program began in 2012 to 2014, the educational attainment of DACA eligible individuals rose substantially.

Educational Attainment of DACA Eligible Youth & Total U.S. Population Ages 15-32

Education Level	DACA Population 2012	DACA Population 2014	U.S. Population 2014
Not enrolled and has not completed high school	25.6%	0%*	7.8%
Enrolled in secondary school	22.9%	30.6%	18.7%
Completed high school and not higher education	30.7%	33.2%	19.2%
Enrolled in college	14.9%	20.2%	19.9%
Completed some college	2.6%	11.2%	16.6%
Completed bachelor's degree	2.9%	4.8%	17.7%

**At this point, nearly every DACA eligible individual had either completed high school or were currently enrolled in school, consistent with DACA's requirement.*

Nearly 70% of DACA eligible individuals aged 15 to 32 completed high school – which is on pace with the general population, lagging just 4% behind. Further, approximately 20% of DACA eligible recipients were enrolled in college, which is also on pace with the general population.

Ending DACA

Workforce Characteristics of DACA Recipients

Dreamers are more likely to hold high-skilled and office jobs compared to the general undocumented immigrant population. This is likely due to their relatively higher levels of education. In general, skilled positions generate larger impacts throughout the economy, in large part due to the additional wages that are paid. The benefits of which are enjoyed by many entities throughout the economy:

- Employers benefit when they can fill vacancies with qualified individuals
- State, Local and Federal Governments benefit from the additional sales and income taxes paid by high skilled workers
- Businesses throughout the economy benefit from a stronger consumer spending base
- Innovation is more likely to occur within high-skilled occupations

Recently, the Center for American Progress released an economic impact study which measures the impact of the Dream Act, a current piece of legislation which provides a path to permanent residency for current DACA recipients.

The study finds that passing the Dream Act would boost U.S. GDP by \$22.7 billion in the first year, totaling \$281 billion after ten years.

Additionally, the authors estimate that if 50% of workers immediately eligible for permanent residency complete the DACA education requirement (high school), the resulting GDP boos would total \$728.4 billion after ten years – nearly three times larger than their initial estimate.



About AngelouEconomics



AngelouEconomics is an industry leader in corporate site location, economic feasibility and impact studies, and comprehensive economic development strategies.

Our goal is to leverage the unique strengths of each region to provide new, strategic direction for economic development.

With our expertise in economic development, research, and incentives negotiation, our clients are able to streamline their operations, diversify their economies, expand job opportunities and investment, foster entrepreneurial growth, better prepare their workforce.

To learn more, visit www.angeloueconomics.com

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