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Study: Immigrants add \$222M to Arizona

By Brady McCombs

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Immigrants are a \$222 million fiscal gain for Arizona and their departure would result in a \$29 billion annual loss in economic output, according to a study released by the UA.

The annual tax revenue generated by immigrant labor, \$1.64 billion, outweighed estimated fiscal costs, \$1.41 billion, for a net gain of \$222.6 million, researchers concluded after analyzing figures from 2004. Immigrants accounted for nearly \$44 billion, or 12 percent, of the state's economic output, resulting in 399,000 full-time-equivalent jobs, the study found.

The analysis, released this week, was intended to increase the understanding of the economic impact of immigration in Arizona, said Judith Gans, the study's author and immigration-policy program manager at the University of Arizona's Udall Center for Studies in Public Policy. The 1 1/2-year study was funded by the Thomas R. Brown Foundation in Tucson, which funds academic research and promotes education about the economy.

"The more we have good data about what's at stake, the more calmly we can look at this issue," said Gans. "By focusing so much on security in some squares, it's easy to ignore what it might cost us economically."

While one national immigration analyst applauded the study, another criticized its methodology.

It didn't adequately calculate all costs associated with immigrants, and thus, is a gross deception, said Steve Camarota, director of research for the Center for Immigration Studies, a Washington-based organization that advocates for slowing immigration.

"It doesn't answer the important question: What's the balance?" Camarota said. "Is it a good deal for us?"

Gans and her team of researchers arrived at their estimated fiscal impact from immigrants by examining the costs incurred by:

- The state's English Language Learner education in schools — \$544 million.
- Uncompensated care costs at hospitals associated with immigrants — \$134.4 million.
- Cost to the Arizona Health Care Cost Containment System incurred by immigrants — \$641.9 million.
- Incarceration costs to the Arizona Department of Corrections — \$90.9 million.

They should have included costs for such services as police, fire, road maintenance, parks, bridges, libraries and building inspectors, Camarota said. With immigrants accounting for 14 percent of Arizona's 5.7 million population in 2004, it's only logical their presence would put a drain on those services, too, he said.

"They assume that it's zero," Camarota said. "That doesn't make any sense."

The study recognizes that it doesn't capture all costs associated with illegal immigration, but Gans defends the methodology, saying they chose to measure the most significant costs clearly tied to state services affected by those here illegally.

Even if the study had included extra costs for some of the services mentioned by Camarota, the net gain would remain because the costs to hospitals is likely overstated, and the tax revenues generated by

consumer spending by immigrants — estimated at \$775 million — was left out to be conservative, she said.

The study represents a solid piece of research that confirms findings from analyses in Texas, North Carolina and South Carolina, said Daniel Griswold, director of the Center for Trade Policy Studies at the Cato Institute, a Washington, D.C.-based libertarian public-policy research foundation.

"They all come to the same conclusion: Immigration in general, including low-skilled immigrants, are a significant economic benefit to their resident states," Griswold said. "The Arizona study, like others done before it, shows that much of the claims of people who oppose low-skilled immigration are wildly exaggerated."

The study wasn't able to break down its evaluation directly to illegal immigrants, rather using the noncitizen-immigrant category tracked by the Census. The study assumed the majority of noncitizens are here illegally and they share many characteristics with legal noncitizens. Of the 619,818 noncitizens in Arizona in 2004, about 450,000 to 500,000 are estimated to be illegal immigrants.

Using the figures from the study, the estimated fiscal costs associated with noncitizen immigrants, \$1.092 billion, outweigh the total tax revenue attributed to noncitizen immigrants, \$1.08 billion, for a net loss of \$12 million. That would sway back to a fiscal gain if the study included the tax revenue generated by consumer spending from that group, estimated at \$318.6 million.

The study also estimated what the losses would be if the immigrant segment of the work force were eliminated in the following industries:

- Construction — a 15 percent reduction in work force would result in the loss of \$6.56 billion in output.
- Manufacturing — a 10 percent reduction in work force would result in the loss of \$3.77 billion in output.
- Service sectors — a 16 percent reduction in work force would result in the loss of \$2.48 billion in output.
- Agriculture — a 15 percent reduction in work force would result in the loss of \$600 million in output.

"This study confirms that it is not only impractical, but undesirable to somehow chase these immigrants back across the border," Griswold said.

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