

2008 Issue Brief 3:

The Economics of Immigration in Iowa



This issue brief is the third in a series developed by the Iowa Immigration Education Coalition. Each issue brief in the series is designed to educate the public, media, and policymakers about immigration and immigrants* in an effort to inform the development of common-sense immigration policies that support vibrant Iowa communities, economies, and quality of life.

*For the purpose of this publication, unless otherwise specified, immigrants include authorized persons (such as naturalized citizens, permanent residents, refugees, asylees, and temporary visa holders), and unauthorized persons.

Contributions to Iowa

Although not eligible to receive or access most benefits and public services funded through state and Federal programs, unauthorized immigrants often contribute to state and Federal revenues through payroll, property tax, sales tax and other levies. Based on an average household income of \$27,400, unauthorized immigrants contribute between \$40 million to \$64 million in income, sales and excise, and property taxes to the state of Iowa each year (Pearson and Sheehan 23). In addition, it is estimated that unauthorized immigrants and their employers contribute between \$50 million to \$78 million in Social Security and Medicare taxes to the Federal government each year (Pearson and Sheehan 25).

A report prepared by Battelle's Technology Partnership Practice for the Iowa Department of Economic Development showed that unless Iowa can find a large sustainable workforce soon, existing labor market forces will result in a slow but inexorable decline of many of Iowa's county employment levels and tax bases (Batelle 54). Immigrants, both authorized and unauthorized, contribute to local Iowa economies through small enterprise and spending. In Iowa, it is estimated that the removal of all unauthorized immigrants would result in a loss of business activity totaling \$4.4 billion in 2007 dollars, 25,199 Iowa jobs, and \$1.381 billion in lost spending (Perryman Group 44). In 2002, Latino-owned businesses in Iowa totaled over 1,500 with sale receipts of more than \$288 million and a combined payroll of more than \$54 million (Grey 21). A 2001 study of high-proportion immigrant cities and towns by Iowa State University found that a majority of interviewees expressed, in a variety of ways, that the influx of the immigrant workforce had "rescued" their town from significant financial downturns, empty classrooms, and business closures.

Immigrants also contribute to Iowa communities through the infusion of their culture and traditions into local business, lifestyle, and cuisine. While not quantifiable by hard numbers, these contributions to local communities are just as significant in impact. Immigrant traditions inform how Iowans dress, the music Iowans listen to, and the food Iowans eat. Native born and immigrants, alike, enjoy annual celebrations of culture such as the Bosnian Cultural Festival in Waterloo or the World Food Prize Harvest Festival in Des Moines. The Czech Village in Cedar Rapids, established by immigrants at the turn of the century, is a prized tourist attraction that draws thousands of local residents and tourists year-round to sample traditional Czech and Slovak food, music, and art.

The Iowa Immigration Education Coalition is a multi-perspective group of business, labor, civil rights, religious, immigrant, education, social service, government, and other community leaders united to educate the public about immigrants, immigration issues, and their impact on Iowa's economy and quality of life.

For more information on the Iowa Immigration Education Coalition, please visit our website at www.iowaimmigrationeducation.org.

Utilization of Public Services

Unauthorized immigrants are ineligible for most of the services and benefits they pay into through payroll, property tax, sales tax, and other levies. In Iowa, unauthorized immigrants are eligible only for K-12 public education, emergency medical care, public assistance for immunizations, emergency relief programs in case of disaster, and public safety, space, and services such as police, fire response, roads, and parks (Moore 9). They are not eligible for Social Security benefits, Medicaid or Medicare, or any other state and Federal entitlement programs.

State departments of education are mandated to provide all children of school age, regardless of immigrant status, race, or ethnicity, a quality public education. The Iowa Department of Education reports that a total of 3,765 immigrant children were enrolled in Iowa schools in 2006-2007, representing less than 1% of total student enrollment. Based on a cost-per-pupil of \$6,497 annually in 2007, the total estimated cost of educating immigrant students in Iowa's public K-12 schools was just over \$24.4 million in 2006-2007 (Pearson and Sheehan 28). Iowa's total enrollment during that same period was 516,812 students (Department of Education 60). That means based off the same cost-per-pupil analysis, the total cost spent on Iowa's students was over \$3.3 billion.

Federal eligibility for Medicaid and the State Children's Health Insurance Program (SCHIP, known as *hawk-i* in Iowa) applies to US citizens and lawful residents but not to unauthorized or temporary workers. Emergency medical services are often under-utilized by immigrants and their families. Nationally, fewer than 10% of immigrants, both authorized and unauthorized, with origins in Mexico reported using an emergency room. This is one-half the rate of native-born Caucasians and Mexican Americans (Zuniga 29). A 2007 report by the Iowa Policy Project estimates that unauthorized immigrants cost the state of Iowa between \$14.2 and \$21.9 million in medical spending, and \$4.1 million for incarceration of unauthorized immigrants (Pearson 13).

Federal Eligibility for Medicaid and SCHIP by Immigration Status	
Native Citizen	Eligible
Naturalize Citizen	Eligible
Lawful Permanent Resident	Those admitted after August 22, 1996 are ineligible during their first five years in the U.S. but may receive emergency care.
Refugee/Asylee	Eligible for at least the first seven years
Unauthorized Immigrants	Not Eligible. May receive emergency medical care
Nonimmigrant visa holders (such as students, tourists, and applicants for asylum)	Not Eligible. May receive emergency medical care

(Lessard & Ku 102)

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Summary

The Iowa Immigration Education Coalition provides accurate, fact-based information about Iowa's immigrants to inform common-sense approaches to immigration policy that enhances Iowa's economy and quality of life. While unauthorized immigrants in Iowa utilize public services at a cost to the state and Federal governments, both authorized and unauthorized immigrants contribute in a variety of ways to Iowa's economy and culture. The economics of immigration are not simple, and should be considered carefully when shaping Iowa's approach to embracing immigrants and their role in Iowa's economy and quality of life.

Resources

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