

# ECONOMIC IMPACT OF IMMIGRATION IN KANSAS CITY AND THE BI-STATE REGION

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## Executive Summary

The Ewing Marion Kauffman Foundation commissioned researchers from the Center for Science Technology & Economic Policy at the Institute for Policy & Social Research at the University of Kansas to study the characteristics and economic impact of immigration in the states of Kansas and Missouri with a special focus on the Kansas City metropolitan area. This report documents the characteristics of immigrants in these three geographic areas. Where relevant, we make comparisons with other metro areas and with the US as a whole. We compare the foreign-born population with the native-born population to try to identify the economic niches that immigrants fill in our communities and to assess some of the challenges they may face. Our report paints a statistical portrait of immigration in the bi-state area. We find the following:

**Population:** The immigrant population in Kansas, Missouri, and the Kansas City metropolitan area (KC Metro) differs considerably from that in the US as a whole.

- The immigrant population is very different in Kansas compared with Missouri, and these two states differ from the entire US as well. Immigrants are more concentrated in rural areas of Kansas, and immigrants make up a larger share of the population than in Missouri.
- The KC Metro has a 6% share of immigrants—a smaller share than other comparable cities, with the exception of St Louis.
- Immigrants are younger and more likely to be of working age than the native-born population in the Kansas City Metro, Kansas, and Missouri.
- Roughly two-thirds of immigrants in Kansas, Missouri and the KC Metro have been in the country more than 10 years. Thus, they are more likely to have proficient English skills and be assimilated into their local communities than newer immigrants.
- Country of origin differs between Kansas, Missouri and the KC Metro. Mexico is the largest sending country in all cases. However, the KC Metro receives its second largest share from Africa; Kansas has its second-largest share from Vietnam, and Missouri has its second-largest share from China.
- Unlike the US and Missouri, more than 25% of immigrants in Kansas live outside of metropolitan areas.
- The percentage of foreign-born who are naturalized citizens has grown to 25% in the KC Metro by 2012.

**Education and Employment:** Immigrants in Kansas, Missouri and the KC Metro are either high or low-skilled (few fall in the middle of the skill distribution). Immigrants and natives are equally likely to participate in the labor force and be employed. However, immigrants earn less and are more likely to be in poverty or have low income.

- Immigrants are either lower-skilled or higher-skilled than natives. Immigrants are more likely than natives in the US, Kansas, Missouri and the KC Metro to not have a high school education and more likely to have graduate degrees (Masters' or above).

- Labor force participation rates of immigrants are the same as natives in the US, Missouri, and the KC Metro. The labor force participation rate of immigrants in Kansas is slightly lower because fewer immigrant women are in the labor force. Employment rates are essentially identical across the geographic regions.
- Immigrants in Kansas and the KC Metro are concentrated in low-skilled occupations. However, immigrants in Missouri are in both low-skilled occupations and the high skilled occupation of teachers/professors.
- Immigrants earn less than natives except for those with more than a bachelor's degree; with a Master's degree or more, immigrants earn more.
- Immigrants are more likely to be in poverty in Kansas and Missouri, but the poverty rates are lower in the KC Metro than in the two states. A larger portion of immigrants are below two times the poverty line in Kansas than in Missouri or the KC Metro, indicating that immigrants are more likely to be low-income in Kansas.
- Kansas and Missouri have a much smaller share of immigrant students than the US. Kansas lags far behind US and Missouri shares. The same patterns hold for H1-B visas. As expected, Kansas has a larger share of agricultural visas than Missouri, but this is less than the US share.
- Kansas, Missouri and the KC Metro have a much smaller share of permanent resident visas (green cards) than their shares of the US population.
- Estimates also indicate that Kansas and Missouri have smaller shares of unauthorized/undocumented immigrants than the US. However, estimates suggest that Kansas has a much larger proportion of unauthorized immigrants (~2.3%) than Missouri (~1%).
- The research literature shows that immigrants in the US as a whole are more likely to be self-employed and small business owners. However, rates of self-employment and business ownership in Kansas and Missouri lag behind the US.
- Estimates indicate that immigrants in the KC Metro add to the total population and the total number of people employed. Despite increasing the labor force, immigrants do not decrease the wages of natives. This suggests that immigrants are complements to the native population/workforce and do not displace natives in the labor market.

### **Introduction**

Immigration has been the source of contentious debate for many years. Discussions on this topic typically revolve around immigration policy or perceived threats caused by the presence of immigrants in local and national labor markets. Evidence on the economic impact of immigrants shows mixed results, and research on the topic is vigorous and ongoing. Controversies about immigration are not surprising because immigration and the issues surrounding it are quite complex. The answer to any question about immigration is often "it depends." It depends on whether we are talking about recent arrivals or about families who

have been integrated into their communities for years. It depends on whether we are talking about entrepreneurs in engineering fields or temporary agricultural workers. It depends on whether the economy is growing or contracting.

The United States immigrant population is a diverse group. Immigrants vary along many dimensions, such as country of origin, work experience, educational attainment, and legal status (authorized or unauthorized). The distribution of immigrant characteristics in Kansas City, the state of Missouri, or the state of Kansas does not necessarily mirror the distribution of immigrant characteristics for the United States in its entirety. For example, immigrants with low levels of education may be more attracted to rural areas with more employment opportunities in the agricultural sector, and highly educated immigrants may be more attracted to metropolitan areas. Because of the heterogeneous nature of the immigrant population, we explore how characteristics vary across different geographical units and discuss policy implications of our findings.

Immigration depends upon and influences the economic conditions of the region. Like the US economy, Kansas and Missouri have been slow to recover from the Great Recession of 2007-2009. Initial estimates indicate that the Kansas Gross State Product grew at a 1.9% rate between 2012 and 2013, while Missouri's only grew 0.8%. Although the Kansas City metropolitan area (KC Metro) is ranked 29th in the size of its overall gross metropolitan product, it grew 1.4% in 2013, ranking 193 among the 374 metropolitan statistical areas (MSAs) reported by the Bureau of Economic Analysis. KC Metro growth is much higher than in Wichita (0.7%) or St. Louis (0.1%). Population growth, a key input in labor force and economic growth, also differs across the region. According to data from the Census Bureau, between 2000 and 2010, the KC Metro population grew 17.8%, faster than growth in Kansas (6%), Missouri (6.8%), and the US (12.8%). Thus the KC Metro is a "bright spot" in the region's economy. This study will paint a statistical portrait of immigration in the states of Missouri, Kansas and the KC Metro and will evaluate the economic impact of immigration on the region.

The report that follows documents the characteristics of immigrants in three geographic areas: the Kansas City metropolitan area (KC Metro), the state of Missouri, and the state of Kansas. Where relevant, we make comparisons with other metro areas and with the US as a whole. We compare the foreign-born population with the native-born population to try to identify the economic niches that immigrants fill in our communities and to assess some of the challenges they may face.

The first dimension of geographic comparison is the overall size of the immigrant community. Overall, we document that Kansas City and the states of Missouri and Kansas are fairly low-immigrant geographic locations overall. We go on to examine whether selected counties within the states and subdivisions within the KC metro area contain clusters of immigrants that contradict the prevailing "low immigration" pattern.

We examine the length of time that immigrants have been in the country to see whether recent immigrants are attracted to our region. We find some evidence that, in general, immigrants in this region are "newer" than those in the US as a whole. However, the large majority (80-85%)



have been in the country at least 5 years. Most immigrants have had time to figure out how to work and support families in the US. It may be that the low volume of immigration makes it easier for immigrants to make economic progress in our area.

We examine data on the economic status of immigrants to see how those in the workforce are compensated compared with native-born workers. We also consider the number of immigrants living below the poverty line.

We examine the issue of the legal status of immigrants to see what types of immigrants are attracted to our region. We look at temporary residents such as students and people on work visas, as well as permanent residents, documented and undocumented.

Looking more broadly at the issue of immigration, we present some new evidence on the economic impact of immigration in metro areas, showing that immigration enhances employment opportunities for native-born residents. This evidence, in conjunction with the current “low immigration” status of our targeted geographic areas, implies that Kansas City and the states of Missouri and Kansas could indeed absorb additional immigrants productively.

## **Section 1: Definitions and Data**

### **Who is an Immigrant?**

In everyday conversation, the word *immigrant* typically requires no explanation. In actuality though, the meaning of the word can vary, and for the purposes of this report it must be clearly defined for appropriate understanding. For example, the Department of Homeland Security defines an immigrant as an individual who is neither a citizen nor a national of the United States, but who is legally admitted to the country as a permanent resident (DHS Definition of Terms). The Immigration and Nationality Act definition differs in that it does not require legal entry into the country, but instead defines an immigrant as an alien who is not in one of their non-immigrant classifications (e.g. foreign ministers, vacationers, students, etc.) (CULS Legal Information Institute). For most of this analysis, we adopt a simple definition. To be defined as an immigrant, an individual must be born outside of the United States with neither of the individual’s parents holding citizenship status in the United States.

Generally, we compare and contrast immigrants with the native population in the tables and figures that follow. However, in some circumstances, comparing the immigrant population as a whole to recent immigrants is more informative. We define recent immigrants as individuals who have immigrated to this country within the five years prior to the year for which data are presented.

Additionally, we present information in reference to different geographical regions in order to observe how the immigrant population of the Kansas City metropolitan area (KC Metro) compares to that of other areas. The comparison regions include the United States as a whole, the states of Kansas and Missouri, and the metropolitan areas of St. Louis, Oklahoma City, Omaha, Des Moines, Denver, Milwaukee, Minneapolis, and Wichita. These metropolitan areas were chosen based on region of the country and having a population size similar to Kansas City.

## **Data**

The primary data for this study come from the 1% samples of the American Community Survey (ACS) 2007-2012 and the 5% sample of the 2000 decennial census. All data were collected from the Integrated Public Use Microdata Series (IPUMS). Although immigration data can be acquired through various sources, the ACS has special characteristics that make it appealing for this particular study. The ACS has large sample sizes, approximately 3.1 million observations in 2012 alone. This is important because our comparison regions are less populated areas for which our goal is to have large and representative samples upon which to base statistical inference. However, the most important characteristic of the ACS is that it contains smaller geographical units, Public Use Micro Areas or PUMAS. PUMAS are Census-defined geographical areas that contain at least 100,000 people and do not cross state boundaries. Using the Missouri Census Data Center GEOCORR tool, we were able to map PUMAS to metropolitan areas and adjust individual level weights to account for the likelihood that a given individual is in the metropolitan area of interest.

The downside of using the ACS for this project is that we do not have information on the legal status of immigrants. This means that documented and undocumented immigrants will fit into our immigrant category and cannot be explicitly separated. Data from the US Department of State, the Department of Homeland Security, the Department of Labor, and the Pew Research Center supplement our discussion of legal status in a later section.

## **Section 2: The Geography of Immigration**

### **Immigrant Share of Total Population**

Figure 1 and Table 1 illustrate how the immigrant share of total population has changed over time for the United States, Missouri, Kansas, and the KC Metro. Between 2000 and 2007 the immigrant share increased by about 1.5% in the US and in Kansas, and by about 1% in Missouri. In other words, the number of immigrants in this region increased faster than the general population. The growth of the immigrant population appears to have slowed down in more recent years. It is likely that the recession of 2008-2009 and the slow recovery thereafter impeded immigration both nationally and in our region. For the last several years, the foreign-born population share for the US has hovered around 12-13%, the shares for Kansas and the KC Metro area have hovered around 6%, and that of Missouri has hovered around 3.5%. Although the absolute numbers are different, the US and our region follow similar trends.

Note that these four geographical regions are not mutually exclusive. The Kansas side of the KC Metro influences the numbers for Kansas, the Missouri side of KC Metro influences the numbers for Missouri, and both Kansas and Missouri influence the numbers for the US.

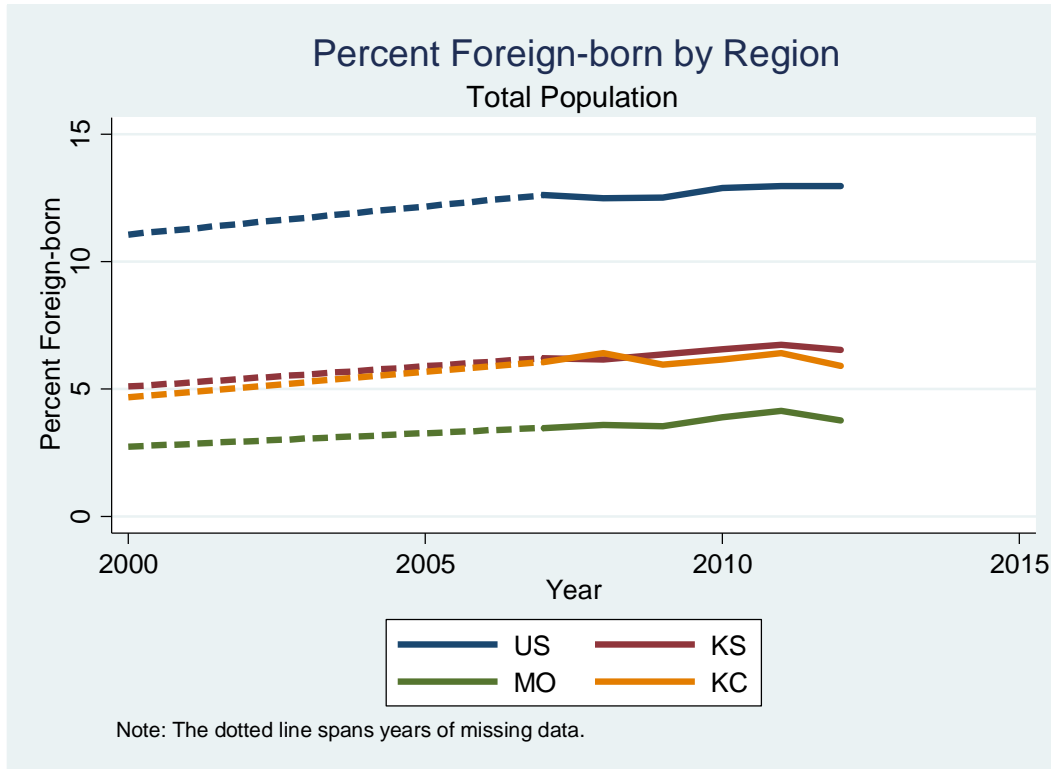


Figure 1: Percentage of Foreign-born in the US, Kansas, Missouri, and the KC Metro 2000-2012.  
Source: 2000 Decennial Census and 2007-2012 American Community Surveys.

Number and Percent of Foreign-Born Residents, 2000-2012						
Year	US	MO	KS	KC Metro MO	KC Metro KS	KC Metro Total
<b>2012</b>						
Total Residents	313,914,040	6,021,988	2,885,905	1,201,287	837,468	2,038,755
Foreign-born	40,738,224	226,334	188,240	53,360	67,142	120,502
% Foreign-born	12.98%	3.76%	6.52%	4.44%	8.02%	5.91%
<b>2007</b>						
Total Residents	301,621,159	5,878,415	2,775,997	1,162,486	797,512	1,959,998
Foreign-born	38,048,456	204,061	172,354	51,611	67,227	118,837
% Foreign-born	12.61%	3.47%	6.21%	4.44%	8.43%	6.06%
<b>2000</b>						
Total Residents	281,421,906	5,595,490	2,687,110	1,099,768	713,645	1,813,413
Foreign-born	31,133,481	152,931	136,640	38,527	46,169	84,696
% Foreign-born	11.06%	2.73%	5.09%	3.50%	6.47%	4.67%

Table 1: Percentage of Foreign-born in the US, Kansas, Missouri, and the KC Metro 2000-2012.  
Source: 2000 Decennial Census and 2007-2012 American Community Surveys.

## Distribution of Immigrants within Kansas, Missouri and the KC Metro Area

Maps 1 through 3 present the percentage of total population that is foreign-born, by county, in Kansas, Missouri and the KC Metro, 2008-2012. Immigrants in Kansas are concentrated in the southwestern corner of the state, Wichita and Kansas City. Immigrants in Missouri are spread across the state along the I-70 corridor. More immigrants reside on the Kansas side in the KC Metro than on the Missouri side.

In general, immigrants cluster in metropolitan areas. Nationwide, immigrants are much less likely to live in rural areas than are native-born residents (4% vs. 16%). Overall, Missouri and Kansas are fairly rural states, with higher percentages of both native-born and foreign-born residents living outside metro areas than is the case nationally. In Missouri, about 11% of immigrants (in contrast to 26% of native-born residents) choose rural locations. In Kansas, the distribution to rural areas is more pronounced, with more than one-fourth of immigrants living in rural areas. Since 2000, both Kansas and Missouri have experienced declines in the rural share of immigrants, while the US share has remained unchanged.

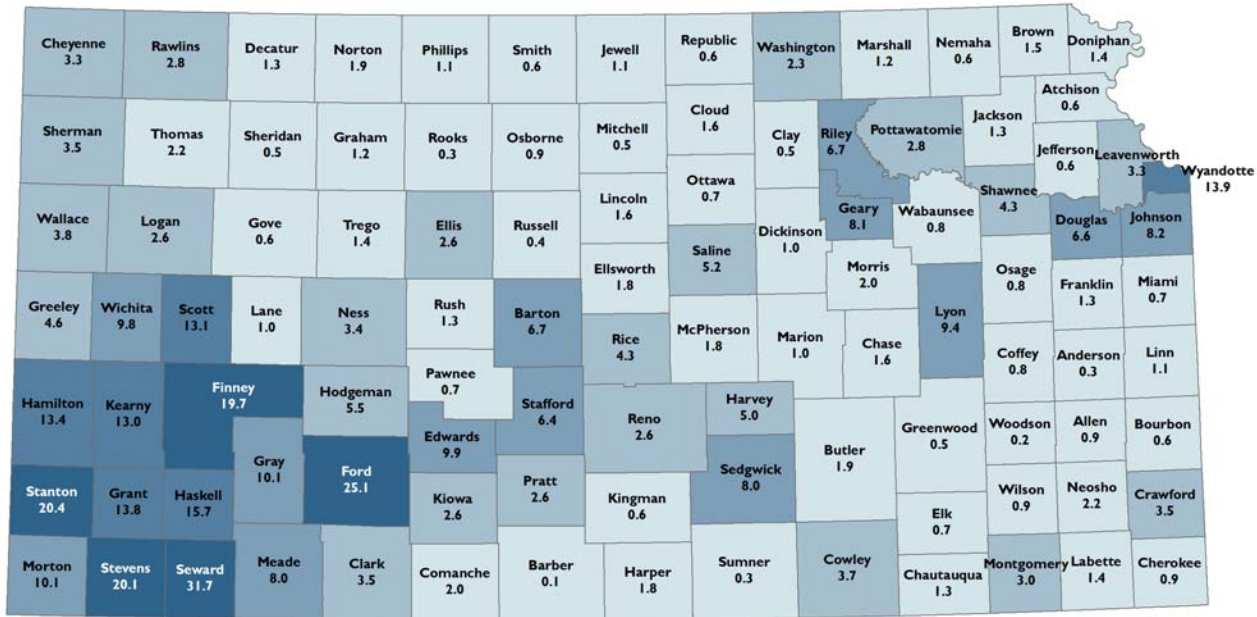
Outside of urban areas, immigration in both states is concentrated in counties with large-scale agricultural processors. In Missouri, it is usually a single processing plant that attracts immigrants to a rural county (Sullivan County: hog production; Pettis and McDonald Counties: chicken processing, Map 2). In Kansas, several meat packing companies have located in a multi-county area in the southwest corner of the state. Immigrants are attracted to the significant number of jobs available in the packing, feedlot, and related industries (Map 1).

Immigrants are also concentrated in specific areas within the Kansas City Metro area. Areas near downtown on both the Missouri and Kansas sides of the river have a high immigrant population. In addition, the area in Johnson County along I-35 south of I-435 towards Olathe has attracted a significant immigrant population. The immigrant population within the KC Metro area is shown in Map 3. Overall, the Kansas side of the KC Metro area has more immigrants than the Missouri side, even though it has a smaller population base (Table 2).

<b>Metro and Non-Metro Components of Population, 2012</b>			
	US	MO	KS
Foreign-Born Residents	40,738,224	226,334	188,240
Metro	39,051,368	200,549	137,953
Non-Metro	1,686,856	25,785	50,287
% Nonmetro	4.14%	11.39%	26.71%
Native-Born Residents	273,175,816	5,795,654	2,697,665
Metro	228,568,737	4,261,637	1,791,042
Non-Metro	44,607,079	1,534,017	906,623
% Nonmetro	16.33%	26.47%	33.61%

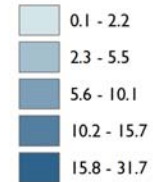
**Table 2: Distribution of Population in Metropolitan and non-Metropolitan (rural) areas in the US, Missouri, and Kansas. Source: 2012 American Community Survey.**

### Percent of Population who are Foreign Born in Kansas, by County, 2008-2012

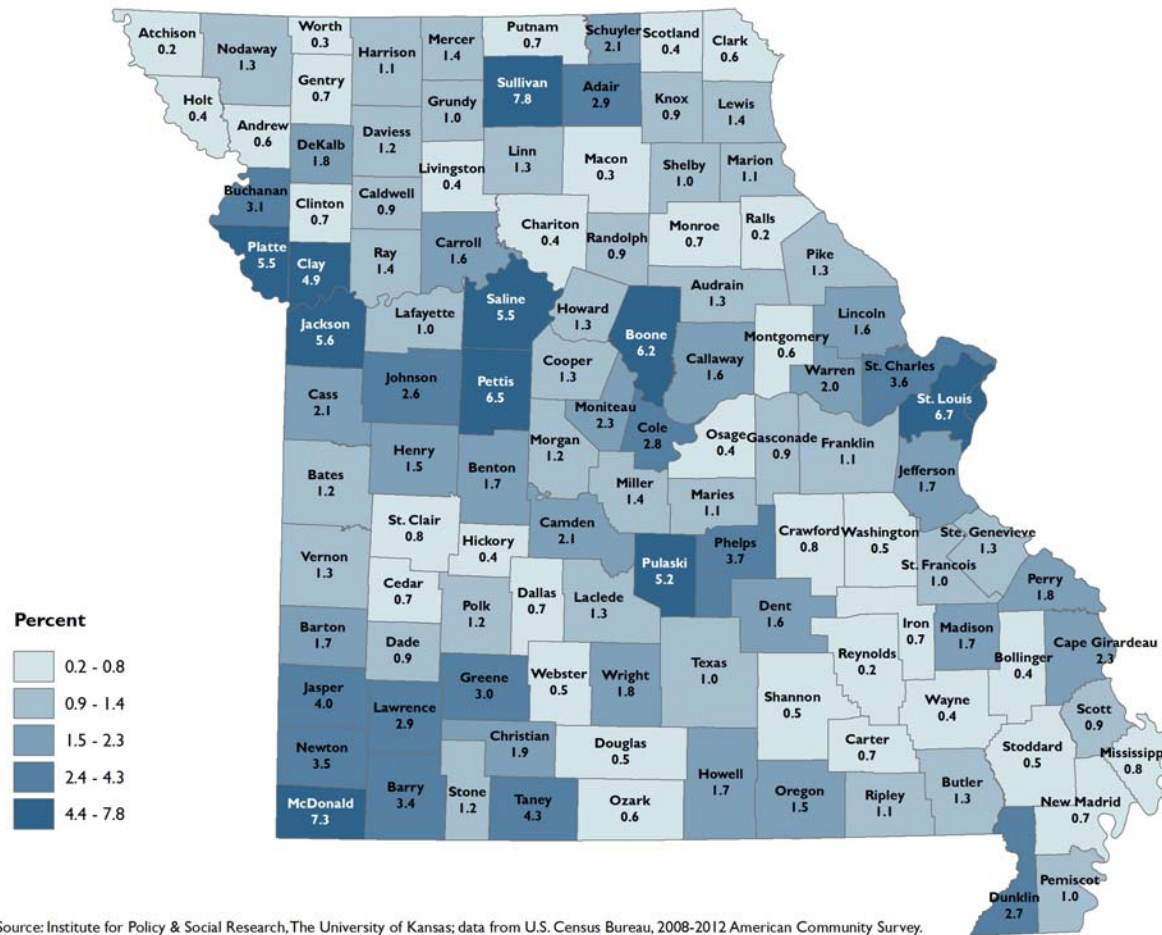


Source: Institute for Policy & Social Research, The University of Kansas; data from U.S. Census Bureau, 2008-2012 American Community Survey.

#### Percent

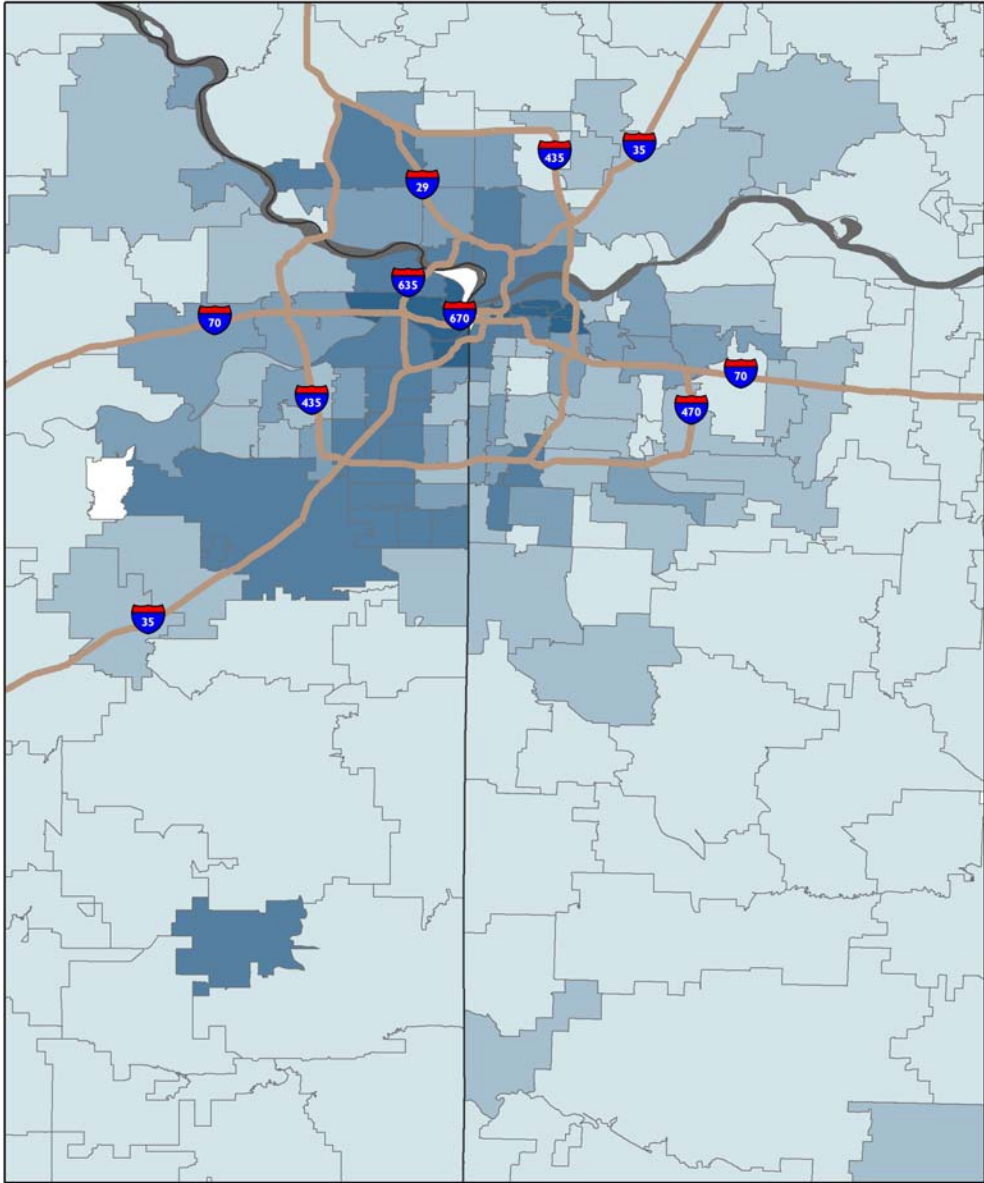


### Percent of Population who are Foreign Born in Missouri, by County, 2008-2012



Source: Institute for Policy & Social Research, The University of Kansas; data from U.S. Census Bureau, 2008-2012 American Community Survey.

**Percent of Population who are Foreign Born in the Kansas City Metropolitan Area,  
by Zip Code Tabulation Area, 2008-2012**



Source: Institute for Policy & Social Research, The University of Kansas; data from U.S. Census Bureau, 2008-2012 American Community Survey.





Figure 2 indicates that the share of immigrants in non-metro areas decreased in both Kansas and Missouri between 2000 and 2012. Likewise, the share of natives outside of metropolitan areas decreased in Kansas, likely continuing the depopulation trends in western Kansas.

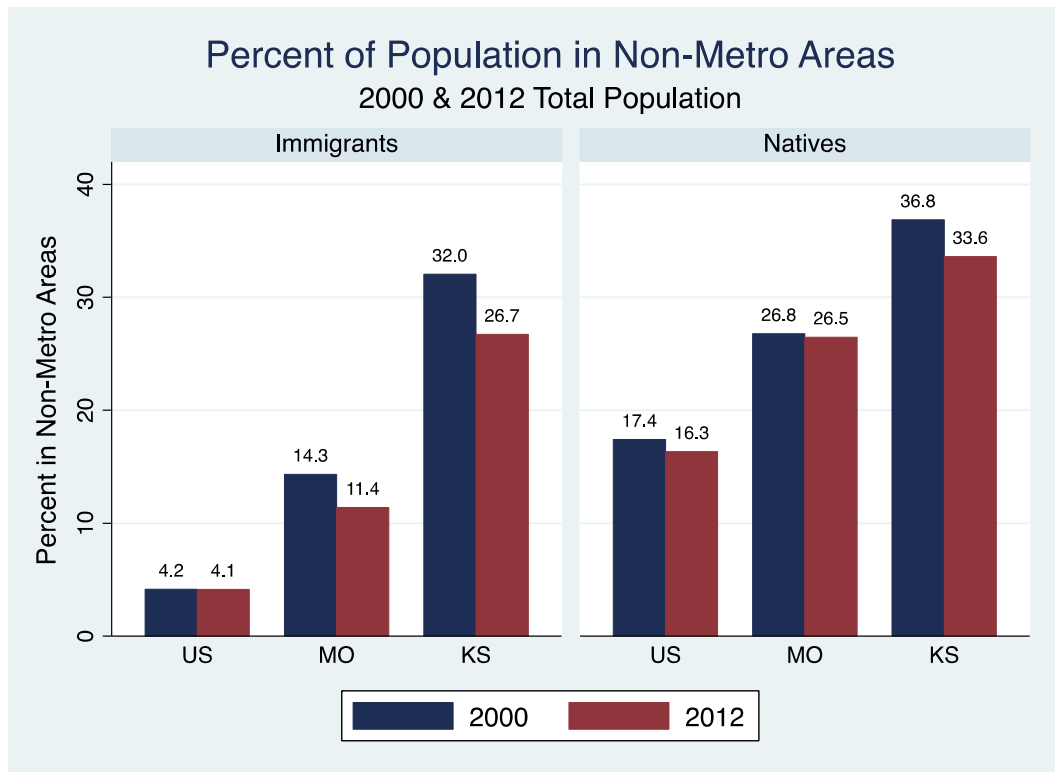


Figure 2: Percentage of Immigrants and Natives in non-Metropolitan areas In the US, Missouri, and Kansas, 2000, 2012. Source: American Community Survey.

### Metro Area Comparisons

Since immigrant populations are concentrated in metropolitan areas, we chose eight metropolitan areas based on population and location as a comparison group for the KC Metro. All metropolitan areas are in the Midwest, and while there is still a moderately large span in population size, cities that are extremely large, such as Chicago, were excluded from the comparison group. Each of these metropolitan areas, along with their 2012 population totals broken down by immigrant status, are listed in Table 3. Kansas City has the second-lowest share of immigrants of the cities considered—only St. Louis has a lower share.

Figure 3 compares 2000 to 2012 immigrant share percentages for the KC Metro and the eight metro comparison group. In 2000, the KC Metro had the third lowest foreign-born percentage. By 2012, all metro areas experienced growth in terms of the immigrant share of total population, but the KC Metro had the lowest percentage point increase, dropping its ranking to second lowest (Figure 2). Within the KC Metro, growth differed significantly on the two sides of the border (Table 1). Not only did the Kansas side start the decade with higher immigrant intensity (6.5% vs. 3.5% of the population), the immigrant population on the Kansas side also grew faster from 2000 to 2012.



As mentioned earlier, 2000-2007 was a significant time period for immigrant population growth. Figure 4 shows that between 2000 and 2007 the KC Metro experienced an almost 30% jump in the immigrant share of total population. However, since 2007, that percentage has held relatively steady at around 6%.

Immigrant and Native Shares of Total Population					
2012 Total Population					
Metros	Immigrant		Native		Total
Denver	323,919	12.25%	2,319,935	87.75%	2,643,854
Des Moines	41,080	6.97%	548,022	93.03%	589,101
Kansas City	120,502	5.91%	1,918,253	94.09%	2,038,755
Milwaukee	114,965	7.34%	1,452,148	92.66%	1,567,113
Minneapolis	336,649	9.83%	3,087,697	90.17%	3,424,345
Oklahoma City	105,927	8.18%	1,189,719	91.82%	1,295,646
Omaha	64,079	7.24%	821,191	92.76%	885,270
St. Louis	122,257	4.38%	2,670,635	95.62%	2,792,892
Wichita	45,895	7.21%	590,926	92.79%	636,820

Table 3: Populations Totals for Immigrants and Natives in Denver, Des Moines, Milwaukee, Minneapolis, Oklahoma City, Omaha, St. Louis, Wichita, and the KC Metro 2012. Source: 2012 American Community Survey.

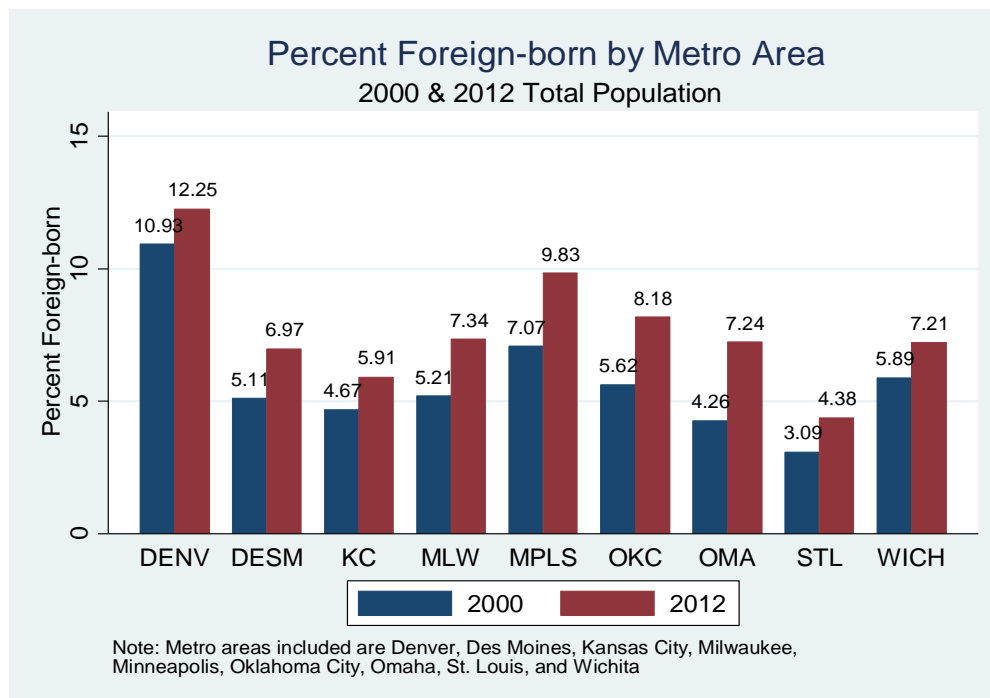


Figure 3: Percentage of Foreign-born in Denver, Des Moines, Milwaukee, Minneapolis, Oklahoma City, Omaha, St. Louis, Wichita, and the KC Metro 2000 and 2012. Source: 2000 Decennial Census and 2012 American Community Survey.

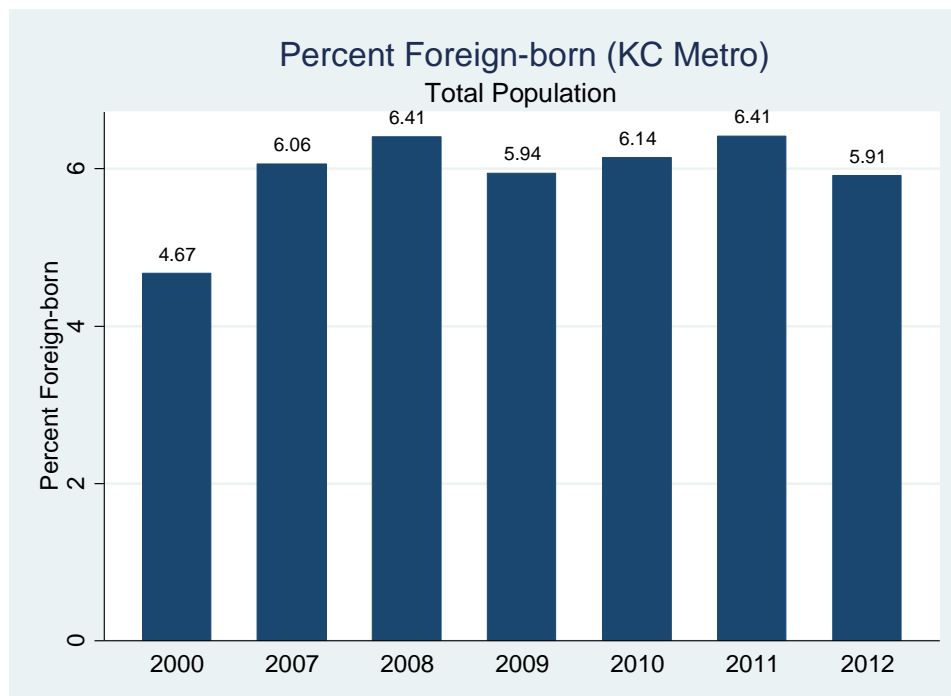


Figure 4: Percentage of Foreign-born in the KC Metro, 2000, 2007-2012. Source: 2000 Decennial Census and 2007-2012 American Community Surveys.

### Nationwide Shifts in Immigration

It is fair to characterize Missouri, Kansas, and the KC Metro area as “low immigration” locations. In contrast, immigrants comprise more than 20% of the population in states such as California and New York. Table 4 lists the top states in terms of immigrant intensity.

Foreign-born Population: Top States 2012					
Rank	State	Foreign-born as % population	Rank	State	Share of US foreign-born
1	California	27.05%	1	California	25.26%
2	New York	22.72%	2	New York	10.92%
3	New Jersey	21.16%	3	Texas	10.37%
4	Florida	19.48%	4	Florida	9.24%
5	Nevada	19.03%	5	New Jersey	4.60%
27	Kansas	6.52%	27	Missouri	0.56%
41	Missouri	3.76%	31	Kansas	0.46%

Table 4: Top States with Foreign-born Population as a Percentage of the Population. Source: 2012 American Community Survey.

We can also view the geography of immigration by looking at the share that each state has of the US total. We see that the top 5 states for immigration are home to more than 60% of immigrants in the country, but over the last decade immigration has been shifting out of the

two top states, and to some extent, into the heartland. With the exception of Illinois, every state in the midsection of the county gained a slight immigration share between 2000 and 2012. The shifts are very small, but the pattern is clear.

<b>Changing Immigration Shares</b>			
<b>State</b>	<b>2000 share of US foreign-born (%)</b>	<b>2012 share of US foreign-born (%)</b>	<b>Gain or loss</b>
Missouri	0.49	0.56	(+)
Kansas	0.44	0.46	(+)
KC Metro	0.28	0.31	(+)
Arkansas	0.23	0.31	(+)
Colorado	1.19	1.26	(+)
Illinois	4.93	4.38	(-)
Indiana	0.61	0.74	(+)
Iowa	0.29	0.32	(+)
Nebraska	0.23	0.30	(+)
Oklahoma	0.42	0.52	(+)
Wisconsin	0.61	0.65	(+)
California	28.54	25.26	(-)
New York	12.41	10.92	(-)

Table 5: Shares of US Immigrants by State. Source: 2000 & 2012 American Community Survey.

### **Section 3: Demographics**

In the tables that follow, we will examine the diversity of immigrants in the KC Metro and the states of Missouri and Kansas. Within these geographical comparisons, immigrant characteristics are broken down by the number of years since immigration and other relevant factors.

The dimensions of immigrant diversity that will be discussed in the following section are: age and gender, years since immigration, country of origin, educational attainment, English-speaking proficiency, citizenship, labor force participation and employment, occupations, and income.

#### **Age and Gender**

Figure 5 compares the age distribution of immigrants to that of natives. Furthermore, new immigrants are broken out into a separate category so that we can observe the characteristics of immigrants in general and as new arrivals. Although age may not initially seem to be an important consideration, it turns out that certain benefits accrue to individuals who are younger at the time of immigration.

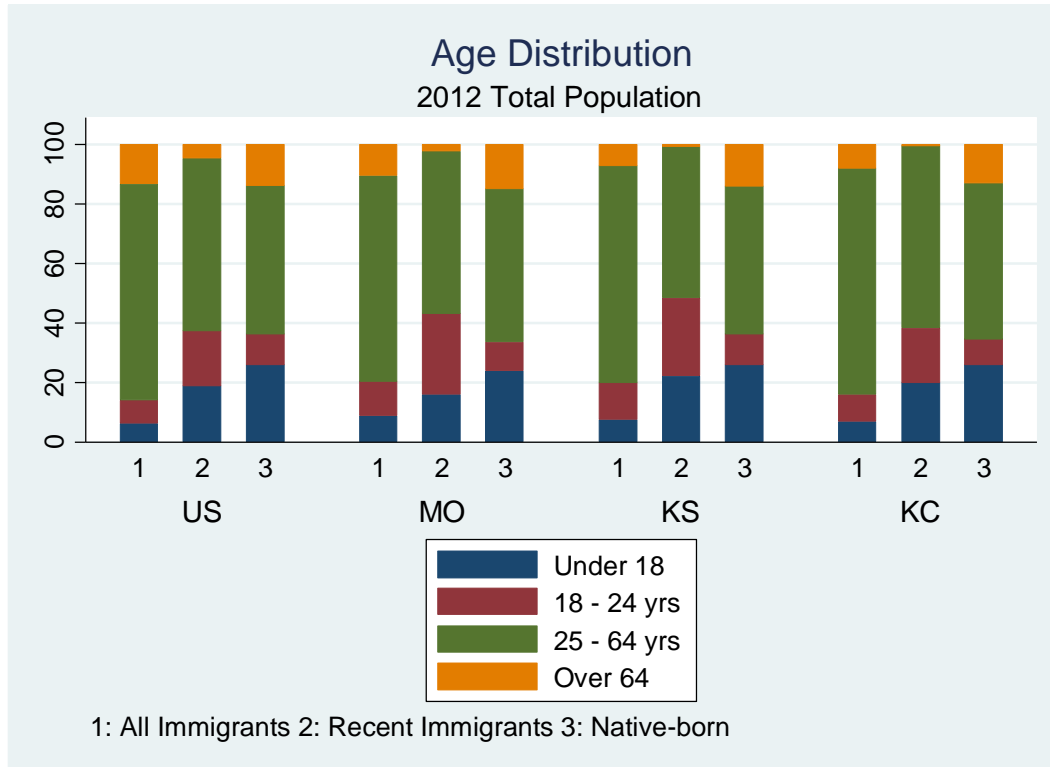


Figure 5: Percentage of Immigrants, New Immigrants, and Natives in Bracketed Age Categories in the US, Kansas, Missouri and the KC Metro, 2012. Source: 2012 American Community Survey.

Comparing bars 1 and 3, we can see that the immigrant population looks different than the native population in that the percentage of working age individuals, 25-64 years of age, is higher for immigrants regardless of the region, and the percentage of those younger than 18 is lower. In fact, in the KC Metro, 76 percent of immigrants are of working age in comparison to 52 percent of natives. Because immigrants often come to this country to take advantage of work opportunities, we should expect a higher proportion to be of working age. Overall, a large percentage of the immigrant population is in its peak employment and earnings years.

Only 7 percent of immigrants are under 18 compared with 26 percent of natives. A Canadian study found that both returns to education and returns to experience are higher for individuals who immigrate at a younger age. Furthermore, the findings suggest that individuals who immigrate at a younger age more easily adapt to the culture and language of their new country and tend to invest in more years of education. Preteen immigrants experience no appreciable difference in future wages in comparison to otherwise similar natives, but older immigrants experience a wage penalty relative to similar natives that grows with the age at immigration (Schaafsma & Sweetman, 2001).

Although recent immigrants are younger than natives on average due to extremely low numbers of individuals over the age of 64, over time, the top end of the age distribution for immigrants looks more like that of the native population.

Age Distribution 2012 Total Population												
	US			KS			MO			KC		
	Immigrants		Natives	Foreign-born		Native	Foreign-born		Native	Foreign-born		Native
	All	Recent		All	Recent		All	Recent		All	Recent	
Over 64 years	0.13	0.05	0.14	0.07	0.01	0.14	0.11	0.02	0.15	0.08	0	0.13
25-64 years	0.72	0.58	0.5	0.73	0.51	0.5	0.69	0.54	0.51	0.76	0.61	0.52
18-24 years	0.08	0.18	0.1	0.12	0.26	0.1	0.12	0.27	0.1	0.09	0.18	0.09
Under 18 years	0.06	0.19	0.26	0.08	0.22	0.26	0.09	0.16	0.24	0.07	0.2	0.26

Table 6: Percentage of Immigrants, New Immigrants, and Natives in Bracketed Age Categories in the US, Kansas, Missouri and the KC Metro 2012. Source: 2012 American Community Survey.

There are no appreciable differences in the gender make up of immigrants compared to natives in the US, Missouri, and the KC Metro. However, in Kansas almost 54 percent of the immigrants are male compared with 50 percent of the native population. This may be the result of many immigrants in Kansas working in the agricultural industry.

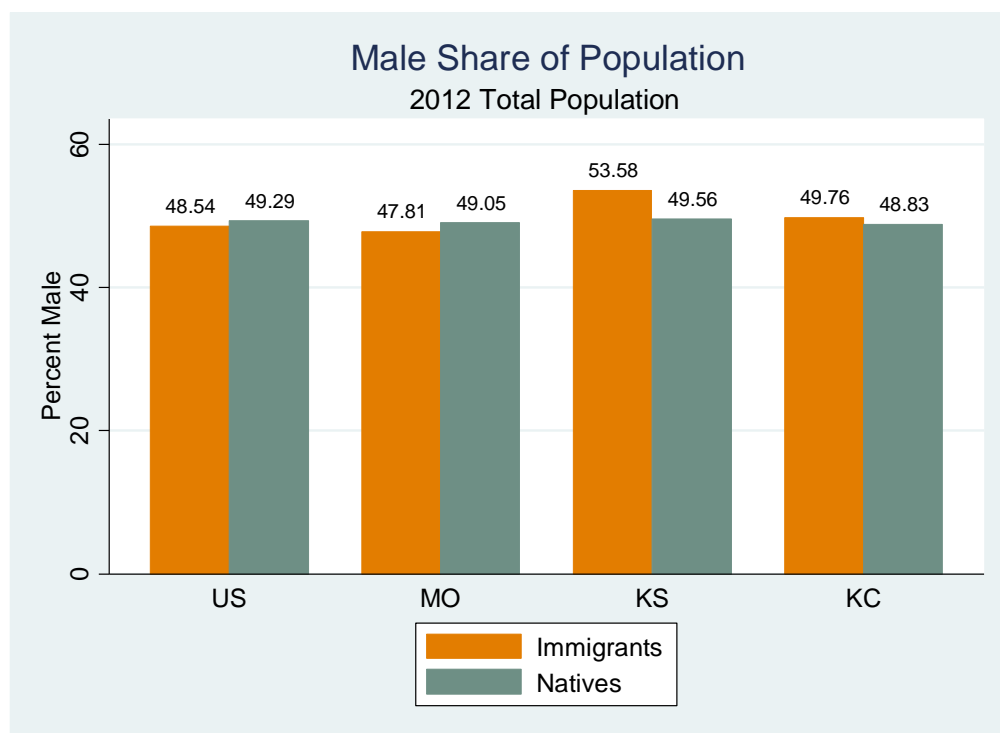


Figure 6: Percentage of Male Immigrants and Natives in the US, Kansas, Missouri and the KC Metro, 2012. Source: 2012 American Community Survey.

### Years since Immigration

Figures 7 and 8 break the immigrant population into groups based on the number of years since immigration. In comparison with the US, the immigrant population of our region is tilted towards immigrants who entered the country within the last 15 years. Very new immigrants,

those who have been in the country for 5 or fewer years, are also “over-represented” in our region in comparison with the US.

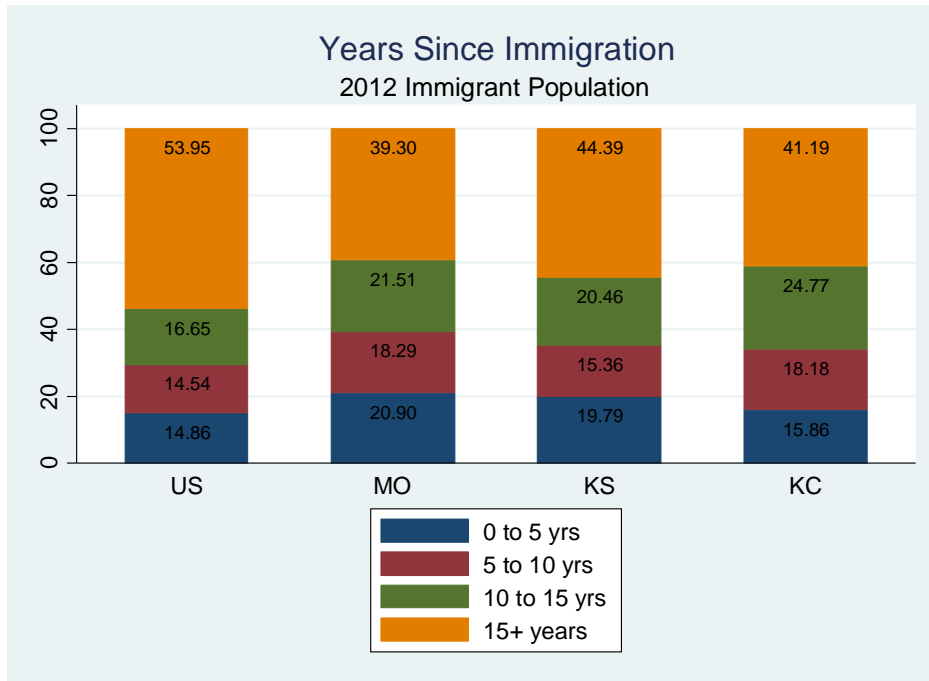


Figure 7: Percentage of Immigrants by Bracketed Years Since Immigration Categories in the US, Kansas, Missouri and the KC Metro, 2012. Source: 2012 American Community Survey.

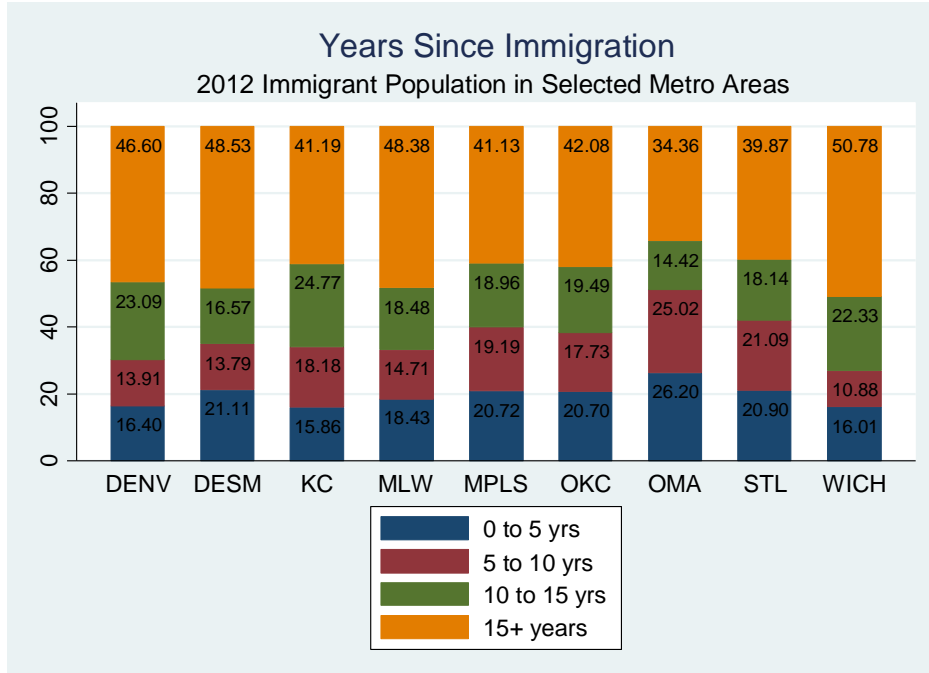


Figure 8: Percentage of Immigrants by Bracketed Years Since Immigration Categories in Denver, Des Moines, Milwaukee, Minneapolis, Oklahoma City, Omaha, St. Louis, Wichita, and the KC Metro 2012. Source: 2012 American Community Survey.

The same pattern appears to carry over to our metropolitan comparisons. Most of the metros have a much higher percentage of immigrants who have been here fewer than 15 years compared with national averages (Wichita is an exception). The KC Metro falls on the low end in attracting very recent immigrants, those here 5 years or less. As mentioned earlier, the central states are home to a fairly small percentage of immigrants relative to total population, but the share is growing. Midwestern cities such as Omaha and Des Moines have been foci of this shifting immigration pattern.

Although the KC Metro’s relative number of new immigrants is low in comparison to other regions, Figure 9 examines whether this has changed over the six-year period from 2007 to 2012. In 2007, just over 28 percent of the immigrant population in the KC Metro was comprised of new immigrants, but by 2012, this had dropped to just below 16 percent. This means that a sizeable portion of the immigrant population that has been here at least five years is growing at a higher rate than the portion that has been here less than five years.

Overall, it appears that immigrants in the KC Metro, Missouri, and Kansas are more recent immigrants than those in the US as a whole. Nevertheless, a large majority of immigrants have been in the county at least 10 years, in contrast to even 5 years ago.

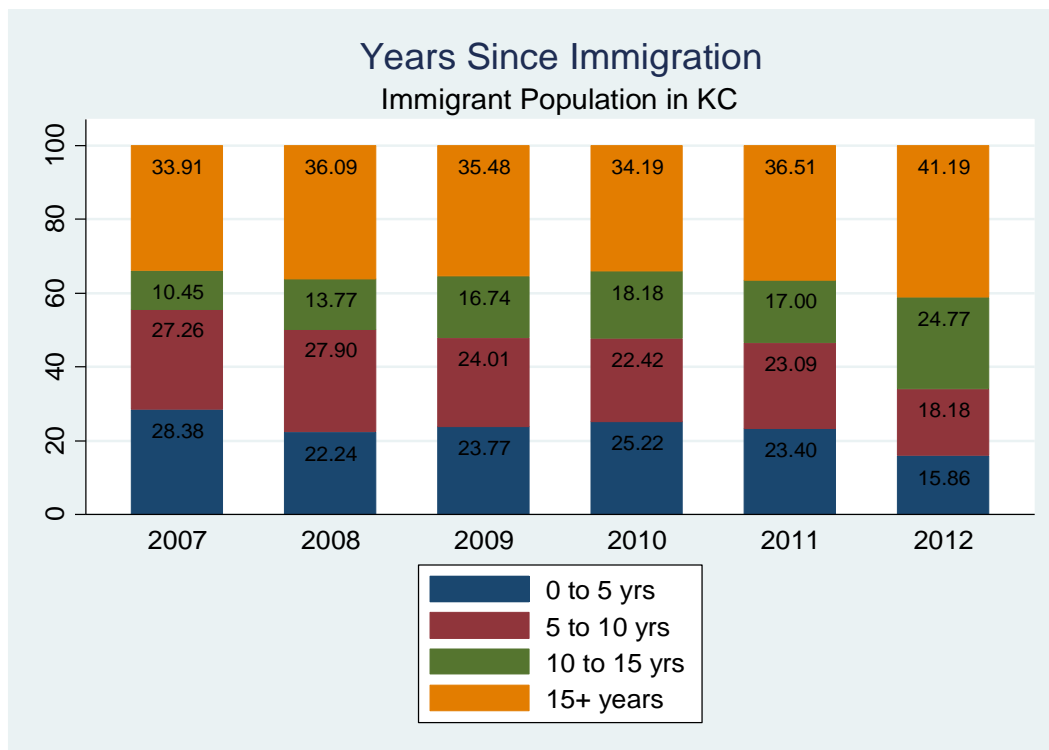


Figure 9: Percentage of Immigrants by Bracketed Years Since Immigration Categories in the KC Metro 2007-2012. Source: 2007-2012 American Community Surveys.

## Country of Origin

Table 7 shows the top four countries of origin for the US, Kansas, Missouri and the KC Metro for the immigrant population as a whole and for the new immigrant population. In each region, Mexico is the top country of origin for all immigrants. While the immigrant population in the KC Metro is still dominated by Mexican immigrants, recent immigrants are more likely to come from Africa<sup>1</sup>. Further inspection shows that a majority of these African immigrants come from Kenya, Ethiopia, and Algeria.

Region	Country of Origin 2012 Immigrant Population			
	All Immigrants		Recent Immigrants	
	Country of Origin	Number of Immigrants	Country of Origin	Number of Immigrants
US	Mexico	11489387	Mexico	1018434
	Central America	3153466	India	766882
	West Indies	2767728	China	508092
	South America	2731619	Central America	440087
KS	Mexico	86567	Mexico	9613
	Vietnam	13322	India	3422
	India	11063	Korea	2679
	Africa	8334	Africa	2527
MO	Mexico	35407	China	8094
	China	20676	Africa	5557
	Africa	18337	India	4715
	India	17692	Mexico	3672
KC	Mexico	38725	Africa	3223
	Africa	11364	Mexico	2923
	India	9246	India	2312
	Central America	5903	Korea	1722

Table 7: Number of Immigrants and Recent Immigrants by Country of Origin in the US, Kansas, Missouri and the KC Metro 2012. Source: 2012 American Community Survey. Recent Immigrants measured within 1-5 years of arrival in the US.

## Education

The immigrant population differs significantly from natives in its education distribution. Immigrants have a bimodal education distribution, either having less than a high school diploma or some level of graduate education. Natives, however, are most likely to obtain some college education but less than a Bachelor's degree. In comparison with the US, both the KC

<sup>1</sup> Countries, such as Mexico, are compared to continents, such as Africa, due to the structure of the basic birthplace variable in the ACS data.



Metro area and the state of Missouri have a higher share of immigrants with graduate degrees and a lower share of immigrants with less than a high school education. The state of Kansas overall has a high share of immigrants, over 35%, who have not completed high school. Many jobs in the rural areas of Kansas do not require a high degree of formal education.

Previous studies have lacked agreement on whether immigrant and native labor are complements or substitutes. Economic theory predicts that if the supply of workers increases, then in equilibrium, wages will fall. However, Census data from 2000 shows that the relative wages of native high school dropouts is uncorrelated with the relative supply of workers in that educational bracket (Card, 2005). If education determines occupation, then the educational distribution suggests that for many native workers, immigrants may, on average, be more likely to act as complements in the labor market. Some research suggests that immigrants differ by job choice and education, making them imperfect substitutes for native workers (Ottaviano & Peri, 2012).

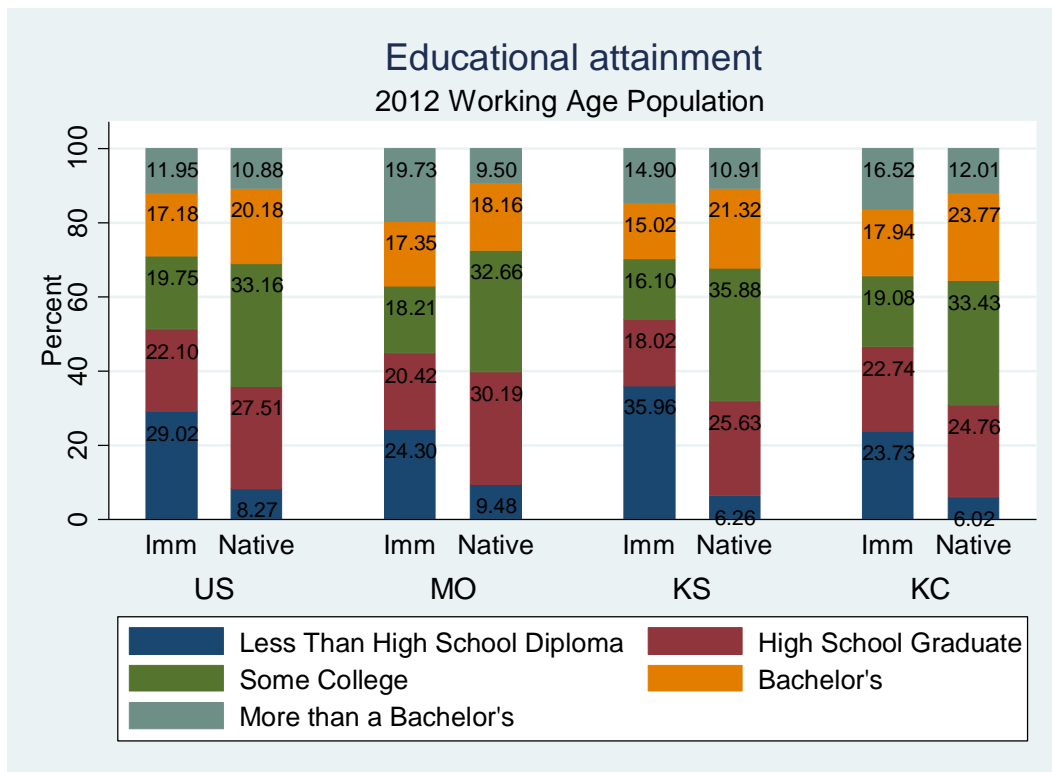


Figure 10: Percentage of Immigrants and Natives in Bracketed Educational Attainment Categories in the US, Kansas, Missouri and the KC Metro 2012. Source: 2012 American Community Survey. The Working Age population consists of individuals age 25-64 years of age.

### Language

Figures 11 - 13 depict the percentage of the immigrant population that reports having proficient English speaking skills. English speaking skills have not changed in the US, Kansas and Missouri between 2000 and 2012. Missouri has a greater percentage of English-speaking immigrants, both currently and historically. This may be related to the fact that Missouri has a

much higher percentage of immigrants living in metropolitan areas. Almost 75 percent of the immigrant population in the KC Metro reports having good English skills, but approximately 85 percent of the KC immigrant population has been in the country at least five years and we would expect to observe improved English skills over time. The KC Metro has seen a four percentage point increase in English proficiency since 2000 which is likely the result of immigrants becoming more established in the area over time.

In the Figure 12, we examine the English speaking skills of new immigrants and observe, as expected, that the English speaking percentage is lower for this group. However, notice that only 50 percent of the KC Metro’s new immigrants speak English. This is approximately 11 percentage points lower than the state of Kansas and 16 percentage points lower than the US.

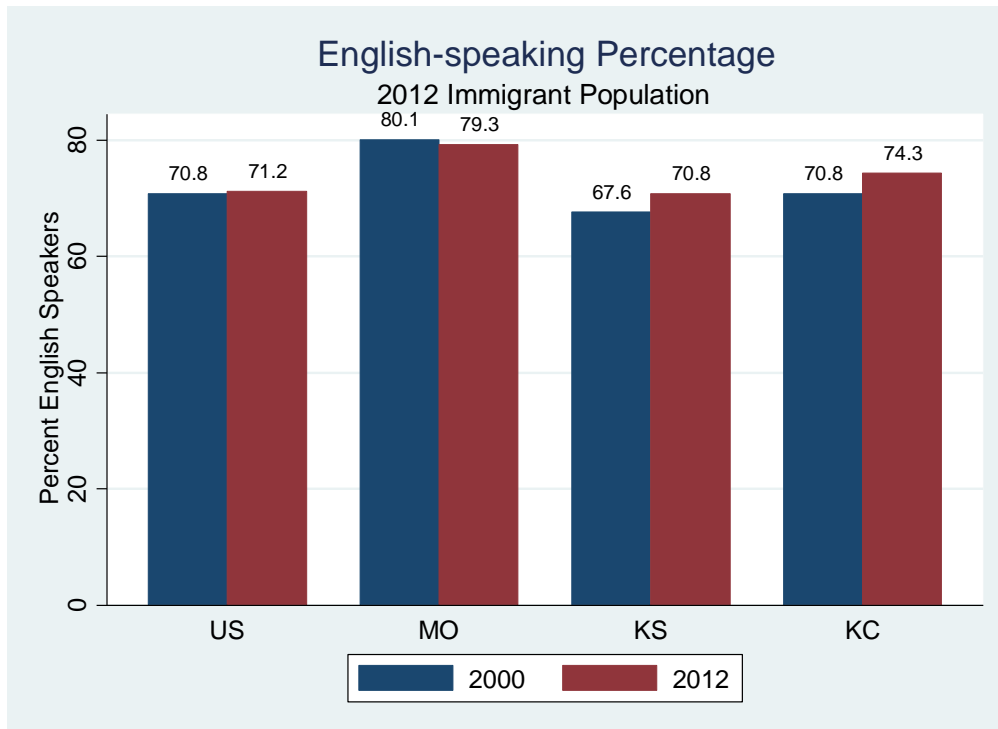


Figure 11: Percentage of Immigrants Self-reporting Good English-speaking Skills in the US, Kansas, Missouri and the KC Metro, 2000, 2012. Source: 2012 American Community Survey.

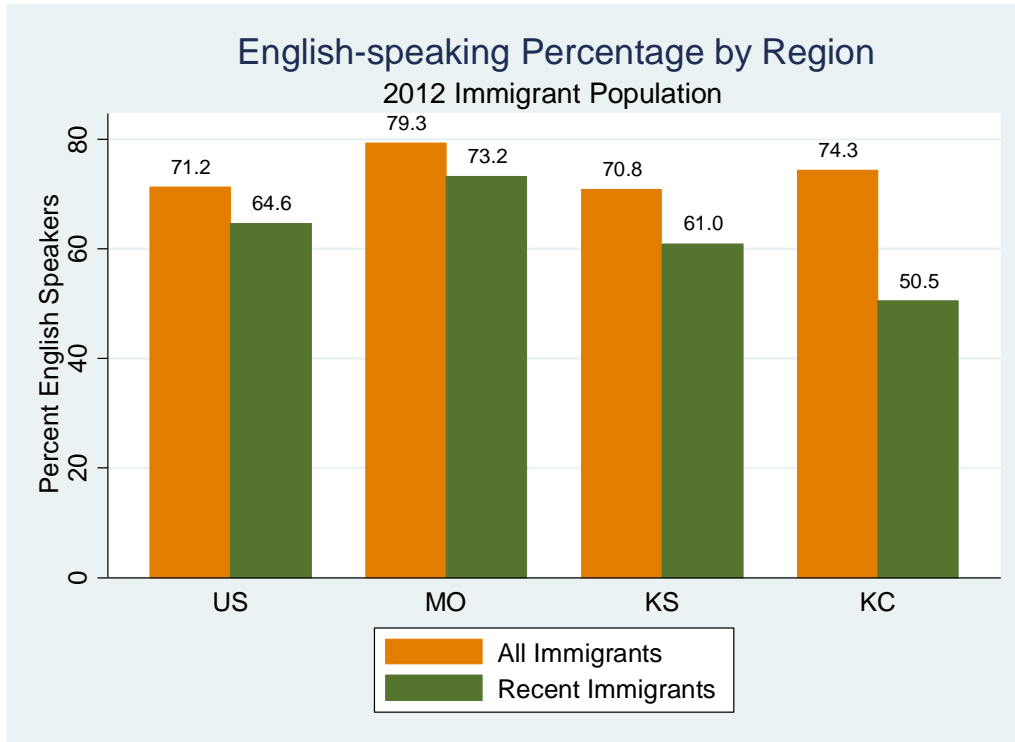


Figure 12: Percentage of Immigrants and Recent Immigrants Self-reporting Good English-speaking Skills in the US, Kansas, Missouri and the KC Metro 2012. Source: 2012 American Community Survey. Recent Immigrants measured within 1-5 years of arrival in the US.

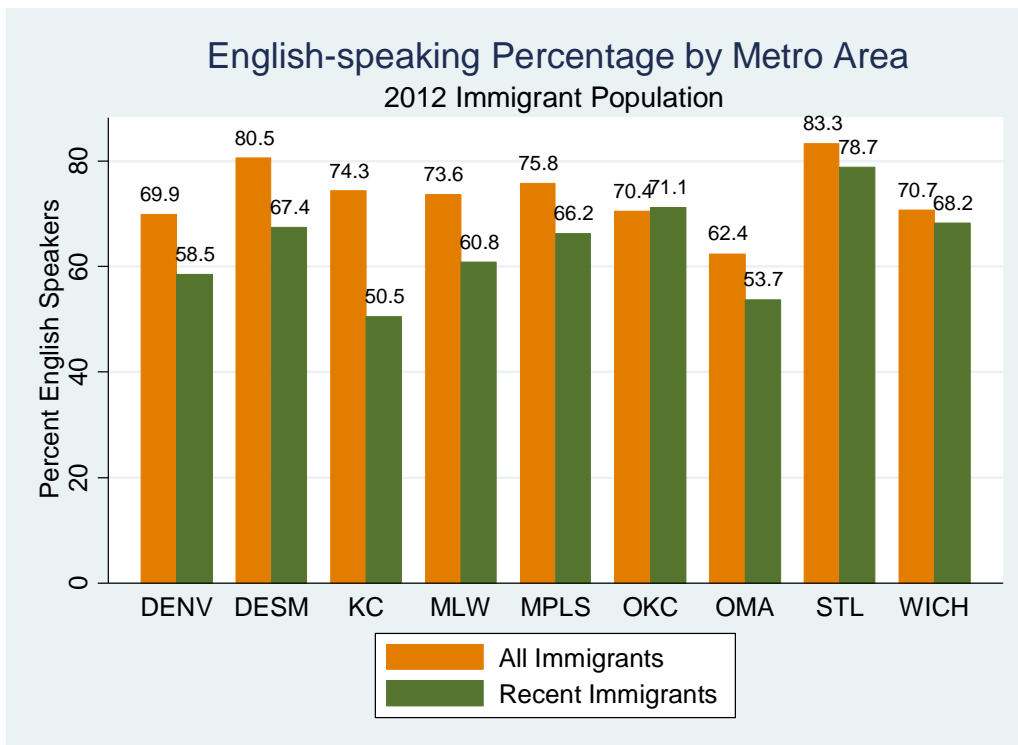


Figure 13: Percentage of Immigrants and Recent Immigrants Self-reporting Good English-speaking Skills in Denver, Des Moines, Milwaukee, Minneapolis, Oklahoma City, Omaha, St. Louis, Wichita, and the KC Metro, 2012. Source: 2012 American Community Survey. Recent Immigrants measured within 1-5 years of arrival in the US.

## Citizenship

Next we consider the percentage of immigrants that are naturalized citizens by metropolitan area. Figure 14 shows that between 2007 and 2012, most metro areas saw a higher percentage of immigrants attaining citizenship, including Kansas City. Des Moines and Omaha remained essentially unchanged, but St. Louis saw a decrease in the percentage of immigrants who were naturalized citizens. Figure 15 examines the KC Metro percentage of naturalized citizens between 2007 and 2012. The six year timeline for the KC Metro is fairly flat with the exception of a small dip in 2010 and a marked increase in 2012. However, until data after 2012 can be added, it is impossible to determine whether citizenship attainment is actually trending upwards.

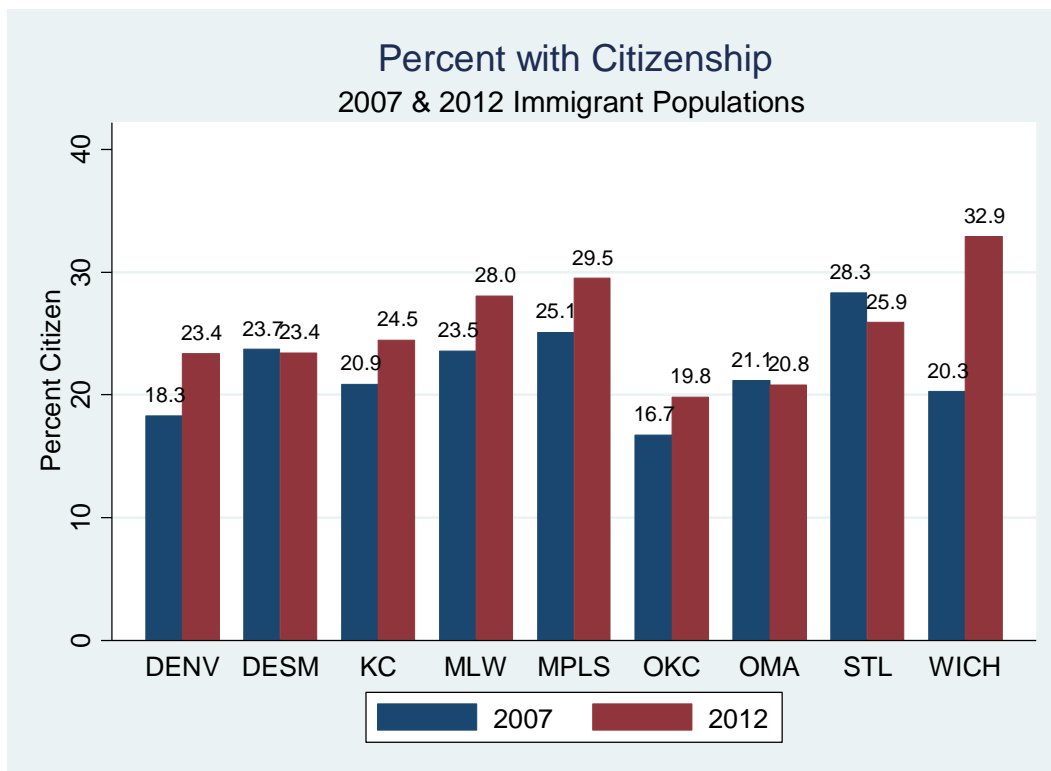


Figure 14: Percentage of Immigrants Holding Citizenship Status in Denver, Des Moines, Milwaukee, Minneapolis, Oklahoma City, Omaha, St. Louis, Wichita, and the KC Metro 2007 and 2012. Source: 2007 and 2012 American Community Surveys.

Naturalized citizens tend to be better off in terms of wages in the US. On average, these individuals tend to have more work experience in the US, have better English-speaking skills than other immigrants, and tend to have more education on average. It is possible that citizenship status acts as a proxy for these characteristics that are known to have higher returns in the labor market. However, even after controlling for these characteristics, a 5 percent citizenship premium is left unaccounted for. This premium appears to improve outcomes for Latinos and women the most (Sumption & Flamm, 2012). Extrapolating from this research, the gains made in the citizenship rate of the foreign-born population should translate into higher

wages and higher productivity for the increasing numbers of naturalized citizens in the KC Metro work force.

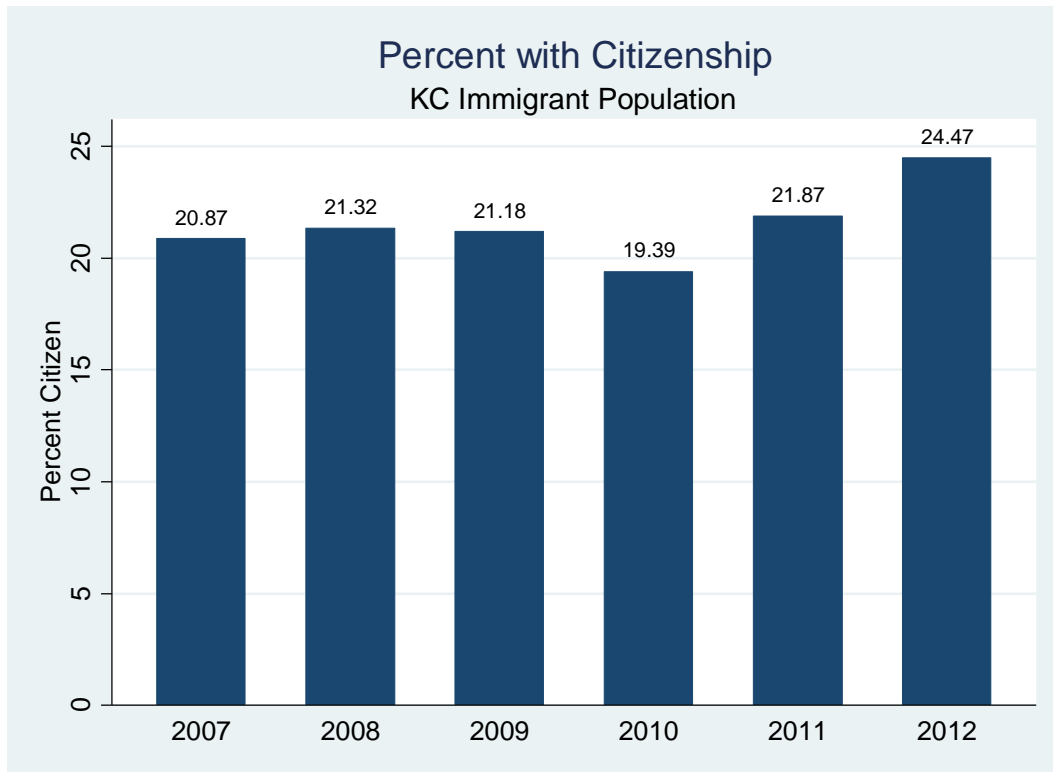


Figure 15: Percentage of Immigrants Holding Citizenship Status in the KC Metro 2007-2012.  
Source: 2007-2012 American Community Surveys.

#### Section 4: Employment and Income

In this section we examine the labor force participation of the foreign-born population, their occupations, and the resulting wages and income levels.

##### Labor Force Participation and Employment

To be considered part of the labor force, an individual must be employed or unemployed and looking for work. Figure 16 compares labor force participation rates for immigrants to that of natives for working age individuals—individuals aged 25-64. Since many immigrants come to this country for work opportunities, we might expect that the labor force participation rate for immigrants would be higher than that of natives. However, that does not appear to be the case. In fact, in Kansas, our point estimates suggest that the labor force participation rate of immigrants is slightly lower than that of natives. Examining the Kansas numbers further, it appears that immigrant males are much *more* likely to participate in the labor force than native-born males. In contrast, immigrant females are much *less* likely to participate in the labor market than their US-born counterparts.

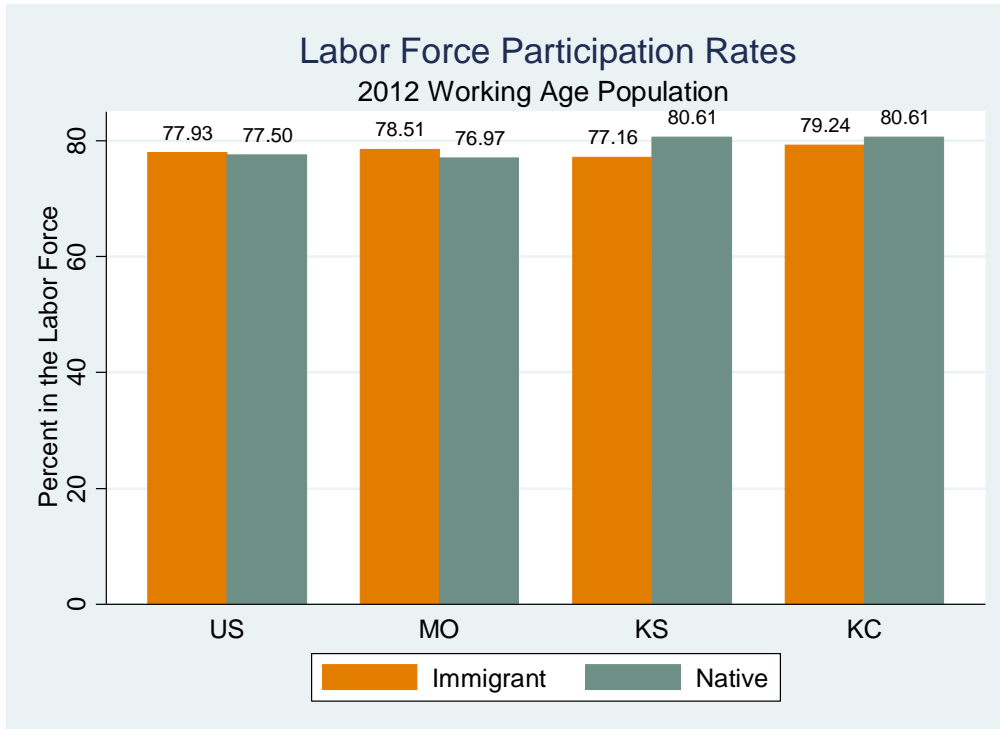


Figure 16: Labor Force Participation Rates for Immigrants and Natives in the US, Kansas, Missouri, and the KC Metro, 2012. Source: 2012 American Community Survey. The Working Age population consists of individuals 25-64 years of age.

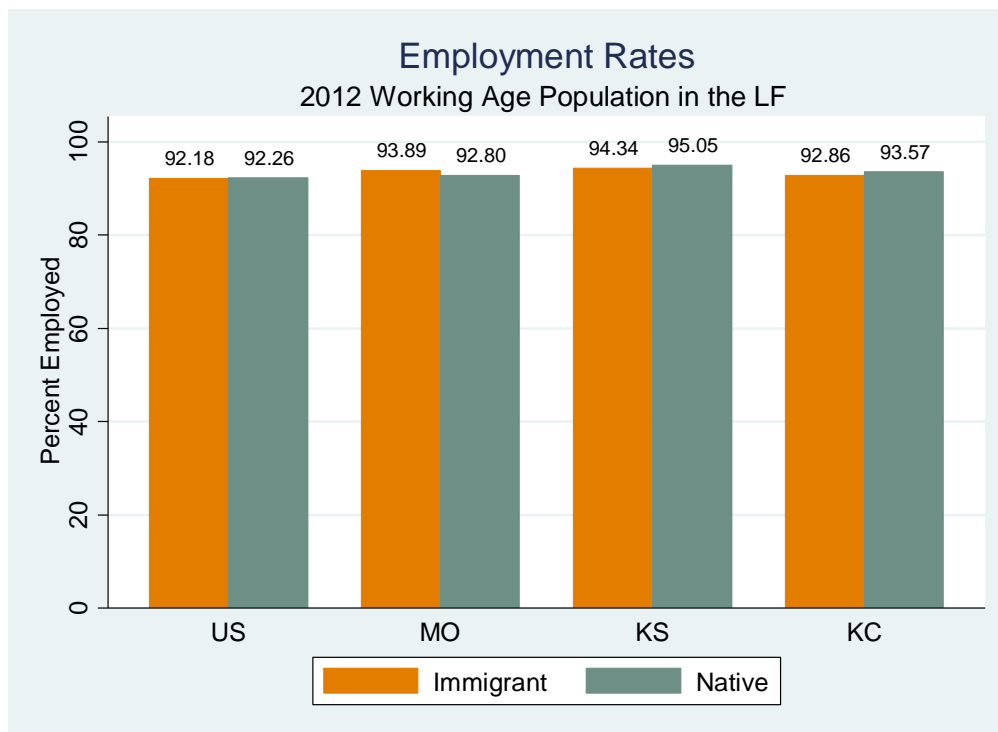


Figure 17: Employment Rates for Labor Force Participating Immigrants and Natives in the US, Kansas, Missouri, and the KC Metro 2012. Source: 2012 American Community Survey. The Working Age population consists of individuals age 25-64 years of age.

Much like labor force participation rates, employment rates are nearly identical for immigrants and natives (Figure 17). Although immigrants do increase the supply of labor, research suggests that for countries like the US, there is no correlation between immigration and unemployment, and immigrants tend to fill employment vacancies left by natives rather than compete for native jobs (Constant, 2014). A potential problem with comparing one region to another at a single point in time is that if natives are negatively affected by immigration, perhaps through reduced job opportunities or lower wages, and subsequently leave the region, systematic underestimation of the negative effects of immigration will occur. However, Peri and Sparber (2011) find no evidence that this kind of displacement actually occurs. We will consider these issues further in analysis in Section 6.

### Occupations

Table 8 presents the top three occupations for each of the broad regions along with the number of immigrants in each category. Separate results are broken out for new immigrants. The resulting list is consistent with the figure for educational attainment in that immigrants are clustered in occupations that are low wage, such as meat cutters or high wage, such as computer software developers.

Primary Occupations 2012 Employed, Working-age Immigrants				
	All Immigrants		Recent Immigrants	
	Occupation	Number of Immigrants	Occupation	Number of Immigrants
US	Cooks	815109	Computer software developers	114004
	Managers and administrators	753658	Nursing aides and orderlies	88814
	Nursing aides and orderlies	725402	Cooks	83613
MO	Managers and administrators	5089	Meat cutters	1389
	Cooks	4780	Cooks	1207
	Teachers/Professors	4107	Managers and administrators	1070
KS	Janitors	5335	Janitors	1247
	Cooks	4886	Teachers/Professors	1196
	Construction workers	4154	Meat cutters	813
KC	Janitors	4087	Janitors	1411
	Nursing aides and orderlies	2788	Engineers, unclassified	630
	Cooks	2306	Computer software developers	613

**Table 8: Number of Immigrants and Recent Immigrants by Primary Occupation in the US, Kansas, Missouri, and the KC Metro, 2012. Source: 2012 American Community Survey. Recent Immigrants measured within 1-5 years of arrival in the US.**

## Self-employment

Although the labor force participation and employment rates of foreign- and native-born adults are similar, several studies document that that foreign-born adults are more likely to be self-employed. Writing in the mid-1980s, Borjas (1986) finds that:

...self-employment rates of immigrants exceed those of native-born men; that there is a strong, positive impact of assimilation on self-employment rates; that more recent waves of immigrants are opting with increasing frequency for the self-employment option... (p. 4)

More recently, Sicilian (2009) concludes:

...the incidence of self-employment is slightly higher among immigrants than among native-born persons. Yet the determinants and the earnings consequences, for the most part, are similar to those of native-born self-employed. (p. 44)

In addition, immigrants are more likely to start their own businesses and engage in entrepreneurial activity than natives (Fairlie and Lofstrom 2013, Kahn, La Mattina, MacGarvie and Ginther 2013).

We examined data from Missouri and Kansas to see if national patterns hold in our region. Figure 18 shows that self-employment rates for foreign-born residents of Missouri, Kansas, and the KC area fall significantly short of the rate for the US as a whole. In the Kansas City Metro, both foreign-born and native-born residents are less likely to be self-employed than their national peers.

We examine further the extent to which immigrants own and operate firms, especially firms that hire additional workers (Figure 19). We use data from the 2007 Census of Business Owners. We restrict the sample to firms with under 500 employees – small and mid-sized firms. Nationally, about 12% of firms with employees and 7.5% of owner-operated (no employee) firms have a foreign-born owner. In Missouri and Kansas, the percentage of foreign-born owners is much smaller, primarily because the percentage of immigrants in the population is smaller. Missouri's population is about 3.8% immigrants. A slightly higher percent of firms with employees are owned by immigrants (4.6%) and a slightly lower percent of owner-operator firms are owned by immigrants (3.1%). Kansas's population is about 6.5% immigrants, who own 5.4% of the firms with employees and 2.9% of the firms without employees. Thus, unlike immigrants in the rest of the US, immigrants in the bi-state region are less likely to engage in entrepreneurial activities.



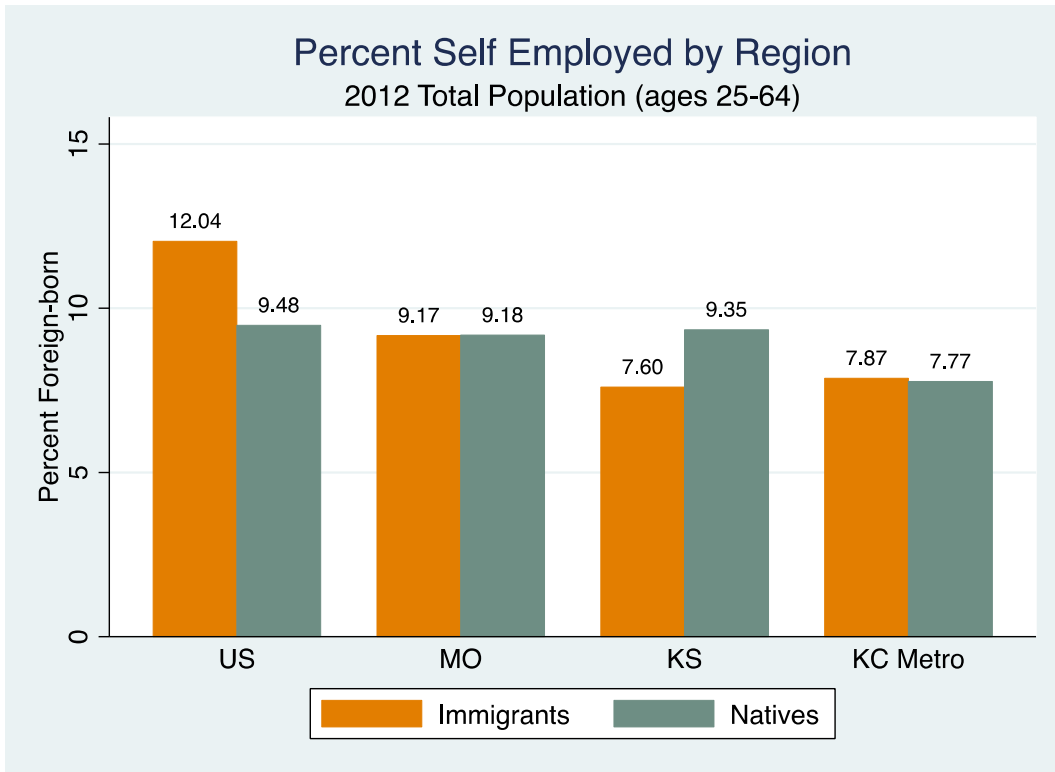


Figure 18: Percent Self-employed in the US, Kansas, Missouri, and the KC Metro, 2012. Source: 2012 American Community Survey.

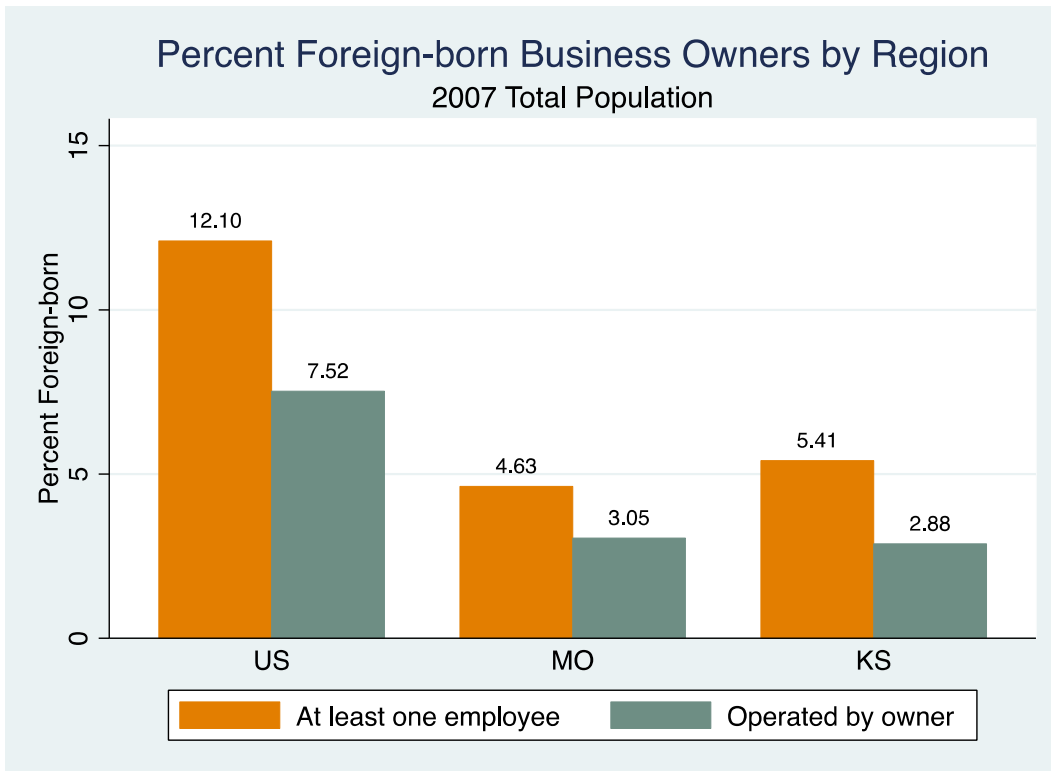


Figure 19: Percent Foreign-born Business Owners in the US, Kansas, and Missouri, 2007. Source: 2007 Survey of Business Owners.

## Earnings

Regardless of whether we consider average or median annual wages, for any level of education less than a graduate or professional degree, natives earn more. This is true nationally and in our region. For example, native-born workers with less than a high school education earn about \$4000 more per year than do immigrants with the same education. It may seem surprising then that regardless of region, immigrants with a graduate or professional degree are better off than their native counterparts. However, this makes sense if we consider that these highly educated immigrants are often at the top of their field.

This table only considers the stock of immigrants and natives along with their corresponding wages at a particular point in time. It is more meaningful to know how immigrant workers entering an economy affect overall wages. While results are mixed, some research shows that, over time, immigration increases the average wages for native workers (Card, 2009).

Wage Income by Education and Immigrant Status 2012 Full-time Workers (in 2012 dollars)									
Educational Attainment	Immigrant Status	US		MO		KS		KC	
		average	median	average	median	average	median	average	median
Less than high school	Native	31,945	26,000	28,011	24,000	31,242	28,000	30,149	26,700
	Immigrant	26,087	22,000	25,259	21,000	26,671	25,000	26,326	21,000
High school or some college, no degree	Native	43,199	36,500	38,565	33,000	40,504	35,000	42,722	37,000
	Immigrant	37,005	30,000	35,094	30,000	32,602	25,000	33,192	26,000
Bachelor's degree	Native	70,280	55,000	59,581	48,000	63,224	49,000	67,184	52,000
	Immigrant	66,269	54,000	59,052	44,000	52,600	40,000	56,174	43,000
Graduate or Professional Degree	Native	93,535	70,000	81,902	60,000	81,057	60,000	88,803	65,000
	Immigrant	99,040	80,000	93,056	72,000	85,209	78,000	93,825	78,000

Table 9: Average and Median Wage Income from 2011 for Immigrants and Natives by Education Level in the US, Kansas, Missouri, and the KC Metro, 2012. Source: 2012 American Community Survey. Full-time workers work at least 30 hours in the typical week and worked 40-52 weeks in the previous year.

## Poverty

Next we consider whether there are differences between immigrants and natives in terms of the poverty rate. In all regions native-born residents are less likely to live in poverty than immigrants. Both immigrants and native-born residents in the KC area are less likely to live below the poverty line than immigrants in Kansas, Missouri, or the US as a whole.

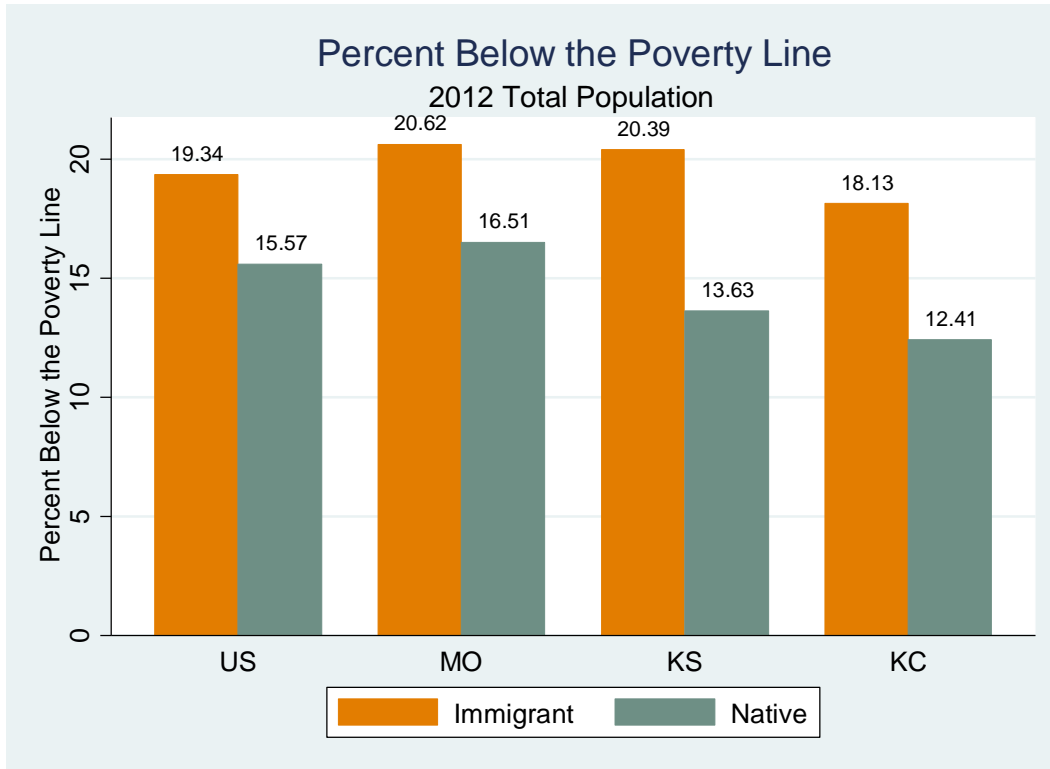


Figure 20: Percent of Immigrants and Natives Below the Poverty Line in the US, Kansas, Missouri, and the KC Metro, 2012. Source: 2012 American Community Survey.

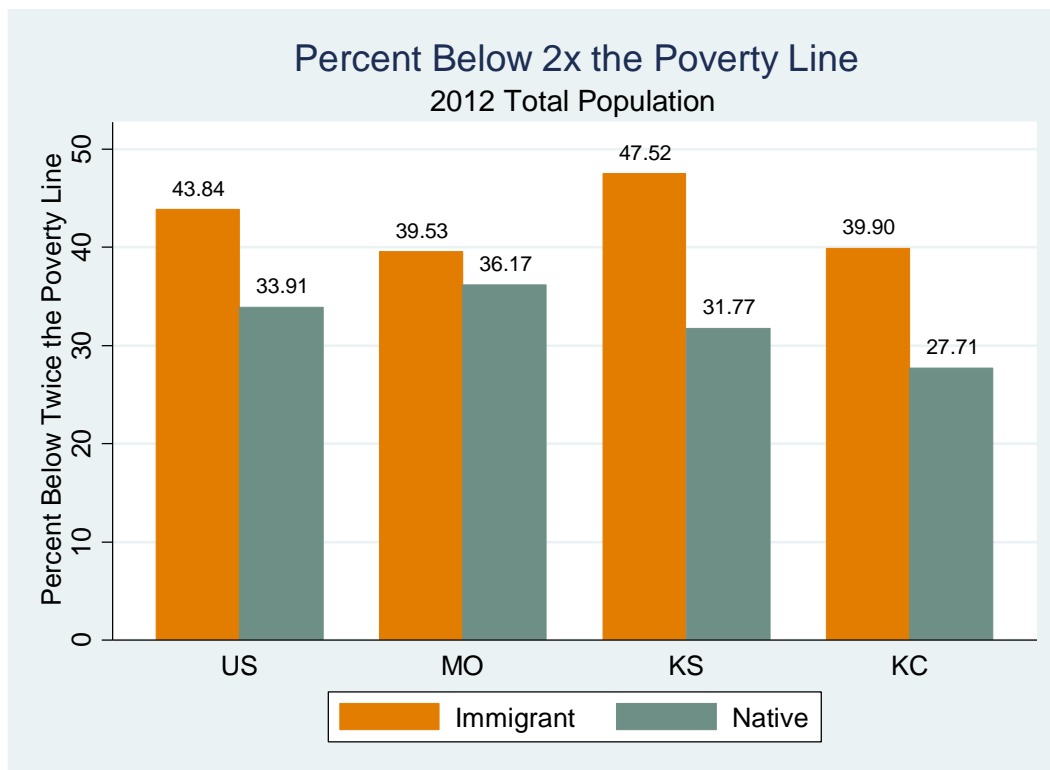


Figure 21: Percent of Immigrants and Natives Below Twice the Poverty Line in the US, Kansas, Missouri, and the KC Metro, 2012. Source: 2012 American Community Survey.

In 2014, the poverty line is set just below \$24,000 for a family of four (Office of the Assistant Secretary for Planning and Evaluation). Even if we double poverty line income amounts, a family of four still has a fairly low income. A much higher percentage of immigrants than native-born residents live in households with income below two times the poverty level. Nearly half of the immigrants in Kansas live below two times the poverty line, and the gap between foreign- and native-born residents is much greater than in Missouri or in the US as a whole. Thus, immigrants are more likely to be impoverished or have low incomes compared to natives in Kansas, Missouri, and the KC Metro. Poor families may create more of a burden on state assistance programs. However, undocumented families may not have access to these benefits.

## **Section 5: Legal Status of Immigrants**

### **Categories of Foreign-born Residents**

This section of the report examines the legal status of the foreign-born. Foreign-born individuals arrive and remain in the US under a wide variety of legal arrangements: temporary and permanent, authorized and unauthorized. The Department of Homeland Security classifies foreign-born noncitizens into four groups. People who enter the country on temporary visas—workers, students, and others— are classified as “*nonimmigrants*” because their length of stay in the US is limited. In contrast, “*legal permanent residents*” or green card holders may remain in the country indefinitely and may apply for citizenship after five years. “*Refugees* and *asylum grantees*” are admitted because they face persecution in their home countries; they may work in the US, and they may apply for lawful permanent resident status after one year. Finally, “*unauthorized immigrants*” enter the US without valid visas or remain in the US after temporary visas have expired.

### **Data and Sources**

Data on the legal status of the foreign-born is highly aggregated, lacking in geographic detail and sometimes incomplete. The American Community Survey that we have used for most of our tables and graphs does not ask about visa type or immigration status (it does ask about citizenship). Data on the legal status of foreign-born non-citizens comes from four main sources: the Department of State, the Department of Homeland Security, the US Department of Labor, and the Pew Research Center. Some of the data are annual flows—for example, the number of people granted lawful permanent status *per year*. Other data are population estimates—for example, the total number of lawful permanent residents in the US in 2012. For some categories of foreign-born residents, both annual flow and population estimates are published. For other categories only a single estimate is available.

### **Temporary Resident Flows**

Nonimmigrants obtain valid US visas for temporary stays for tourism, business, study, and work. People in the US on temporary student and work visas generally maintain residences in the US and hence are included among the foreign-born population presented in earlier tables. The US Department of State maintains data on the number of new visas, but does not publish information on geographic destination. We use data from Homeland Security (for student visas)

and the US Department of Labor (for work visas) to pro-rate the data from Department of State, resulting in estimates of annual new Kansas and Missouri residents here on temporary visas. We were unable to estimate visas at the metropolitan area level. Furthermore, we were unable to find data on the cumulative total population of foreign-born residents in the country on various detailed visa statuses.

## Students

International students contribute to the economy in several ways. Most importantly, students bring funding from their home countries that is spent locally on tuition, housing, and other goods and services. Additionally, many students work part-time on campus while earning their degrees, thus providing low cost labor to their universities. Finally, international students, especially graduate students in scientific and technical fields, often stay in the US after their education is completed and work in the US. As Table 9 indicates, immigrants with graduate degrees working in the US, Kansas, Missouri, and the KC Metro earn more than natives with similar education levels.

As seen in Table 10 below, the number of student visas grew rapidly in the last several years. However, fewer students attend schools in Kansas and Missouri than would be expected by the states' population shares—neither state is a strong destination for international students. In fact, both Missouri and Kansas have lost ground in attracting international students in recent years.

New Student Visas					
	US	MO		KS	
Year	Number	Share of Population	Share of Visas	Share of Population	Share of Visas
2006	281,097	1.96%	1.29%	0.93%	0.79%
2007	307,614	1.95%	1.28%	0.92%	0.79%
2008	351,186	1.95%	1.33%	0.92%	0.80%
2009	340,465	1.94%	1.37%	0.92%	0.80%
2010	394,402	1.94%	1.03%	0.92%	0.55%
2011	457,459	1.93%	0.95%	0.92%	0.52%
2012	497,231	1.92%	1.02%	0.92%	0.57%

Table 10: Number of New Student Visas, Student Share of the Population, and the Percentage of all Visas that are Issued to Students in the US, Kansas, and Missouri. Sources: US Department of State, Report of the Visa Office, various years. US Department of Homeland Security, Yearbook of Immigration Statistics, various years.

## Temporary Workers

Temporary workers are generally admitted because their particular skills or experience are not readily available in the US labor market. On one end of the skill spectrum, H1B visas are granted to highly educated workers, particularly in computer science. On the other end of the spectrum, the US admits agricultural (H2A) and less-skilled nonagricultural workers such as gardeners and hotel workers (H2B) for seasonal and temporary work where qualified domestic labor is not readily available. The shortage of domestic workers must be certified by the US Department of Labor for H1B, H2A, and H2B visas. Work visas are driven by employer demand, subject to caps on the total number of workers who can be admitted each year. In most years, requests from employers far exceed the number of visas available.

As seen in Table 11, neither Missouri nor Kansas businesses employ H1B skilled foreign-born workers to the extent that would be expected based on the states' populations. The visas are demand driven, so this may reflect that the economies of the two states require fewer technical workers than economies of states elsewhere. H1B visa holders in Kansas and Missouri work primarily in information technology industries, as is the case nationally. That said, Kansas and Missouri businesses request far more visas than are granted (because of the visa cap). A recent article in the Kansas City Star points out that over 600 visas were denied in the Kansas City area in 2013 (Stafford 2014). A recent study estimates that during the late 2000s, each H1B created another 1.3 jobs for US-born workers (Peri, Shih, Sparber, and Zeitlin 2014).

Missouri employs relatively few H2A temporary agricultural workers. In contrast, Kansas employs H2A workers at a higher rate than would be expected based on population, due to the agricultural industry in the state. In Kansas, H2A workers find employment as custom grain harvesters and in corn and other grain operations. In Missouri, H2A visa holders work in the livestock industry and as general farm laborers.

Missouri businesses employ more H2B nonagricultural workers than would be expected based on population; in Kansas, the rate is roughly proportionate. The visas are rationed, and the total number allowed nationally declined dramatically during the recession of the late 2000s. In both states, landscapers and groundskeepers fill the majority of H2B positions.

<b>New H1B Skilled Worker Visas</b>					
	<b>US</b>	<b>MO</b>		<b>KS</b>	
Year	Number	Share of Population	Share of Visas	Share of Population	Share of Visas
2006	135,861	1.96%		0.93%	
2007	154,692	1.95%		0.92%	
2008	130,183	1.95%	1.02%	0.92%	0.65%
2009	110,988	1.94%	1.19%	0.92%	0.92%
2010	117,828	1.94%	1.42%	0.92%	0.58%
2011	129,552	1.93%	1.36%	0.92%	0.58%
2012	135,991	1.92%	1.33%	0.92%	0.56%
<b>New H2A Agricultural Worker Visas</b>					
	<b>US</b>	<b>MO</b>		<b>KS</b>	
Year	Number	Share of Population	Share of Visas	Share of Population	Share of Visas
2006	37,149	1.96%		0.93%	
2007	50,791	1.95%		0.92%	
2008	64,404	1.95%	.49%	0.92%	1.27%
2009	60,112	1.94%	.41%	0.92%	1.04%
2010	55,921	1.94%	.40%	0.92%	1.05%
2011	55,384	1.93%	.31%	0.92%	1.10%
2012	65,345	1.92%	.29%	0.92%	.88%
<b>New H2B Nonagricultural Worker Visas</b>					
	<b>US</b>	<b>MO</b>		<b>KS</b>	
Year	Number	Share of Population	Share of Visas	Share of Population	Share of Visas
2006	122,541	1.96%		0.93%	
2007	129,547	1.95%		0.92%	
2008	94,304	1.95%	1.84%	0.92%	.81%
2009	44,847	1.94%	3.12%	0.92%	1.18%
2010	47,403	1.94%	2.67%	0.92%	.88%
2011	50,826	1.93%	2.70%	0.92%	.88%
2012	50,009	1.92%	2.36%	0.92%	.85%

Table 11: H1B, H2A and H2B Visas for the US, Kansas and Missouri, 2006-2012. Sources: US Department of State, Report of the Visa Office, various years. US Department of Homeland Security, Yearbook of Immigration Statistics, various years.

## Legal Permanent Residents: Annual Flows and Total Population

Legal permanent residents (green card holders) may reside and work in the US on a permanent basis. The Department of Homeland Security (Rytina 2013) estimates that about 13,300,000 people with legal permanent (green card) status resided in the United States in 2012. After living in the US for 5 years, most of these immigrants become eligible for citizenship.

According to data from the Department of Homeland Security (Monger and Yankay 2013), the US granted permanent resident status to a little more than one million people in 2012. About 54 percent of these people arrived directly from other countries, while 46 percent already lived in the US but changed visa status (for example, from a student visa to a permanent resident). By far the largest class of new legal residents consists of people admitted because of family relationships. Other large classes include people with special labor skills and people with refugee status.

New Legal Permanent Resident Visas (Green Cards)										
Year	US	MO			KS			KCMO		
	New Visas	New Visas	Share of US Pop	Share of US Visas	New Visas	Share of US Pop	Share of US Visas	New Visas	Share of US Pop	Share of US Visas
2004	946,142	6,782	1.96%	0.72%	4,041	0.93%	0.43%	3,348	0.65%	0.35%
2005	1,122,373	8,744	1.96%	0.78%	4,514	0.93%	0.40%	3,640	0.65%	0.32%
2006	1,266,264	6,857	1.96%	0.54%	4,280	0.93%	0.34%	3,553	0.65%	0.28%
2007	1,052,415	6,459	1.95%	0.61%	4,141	0.92%	0.39%	3,146	0.65%	0.30%
2008	1,107,126	7,078	1.95%	0.64%	5,344	0.92%	0.48%	3,773	0.65%	0.34%
2009	1,130,818	7,142	1.94%	0.63%	5,319	0.92%	0.47%	4,085	0.65%	0.36%
2010	1,042,625	7,151	1.94%	0.69%	5,501	0.92%	0.53%	4,299	0.65%	0.41%
2011	1,062,040	7,048	1.93%	0.66%	5,086	0.92%	0.48%	4,104	0.65%	0.39%
2012	1,031,631	6,635	1.92%	0.64%	4,980	0.92%	0.48%	3,838	0.65%	0.37%

Table 12: New Legal Permanent Resident Visas (Green Cards), 2004-2012. Source: Department of Homeland Security, Yearbook of Immigration Statistics, various years.

The shares of new legal permanent residents living in Missouri, Kansas, and the KC area are much smaller than would be expected based on population. Many new immigrants locate where family and friends already live. Because much of our geographic area has been “low immigration” historically, the area may fail to attract its share of new legal permanent residents. Overall, Kansas seems to be attracting a slightly greater share of the country’s new permanent residents than it did a decade ago, but many of those immigrants are attracted to areas outside the Kansas City Metro area. For example, Wichita attracted over 1000 new permanent residents in 2012. It is also likely that many of the new permanent residents located with families in the southwestern part of the state.



Homeland security publishes estimates of the cumulative total population of permanent residents (new plus earlier immigrants). Unfortunately, the published data do not include our geographic region. In 2012, lawful permanent residents who had not yet become citizens numbered in total about 13.3 million nationally.

### Unauthorized Immigrants

Unauthorized immigrants include people who cross borders into the US without proper documentation, or who overstay tourist, student, or work visas. No fast and firm data exist on counts of this population, but as mentioned earlier, both the Pew Research Center and Homeland Security produce statistical estimates. Both sources show high growth in the unauthorized population between 2000 and 2007, when the population peaked at nearly 12 million (Table 13). After that, the population of unauthorized immigrants started to fall, primarily due to economic conditions, but also due to increased enforcement. In recent years the unauthorized population has remained quite steady at between 11 and 11.5 million (based on Pew numbers).

Kansas has persistently been home to a larger population of unauthorized immigrants than Missouri, despite its much smaller total population. The Kansas population has hovered between 55,000 and 70,000 for more than a decade, while the Missouri population almost doubled between 2000 and 2010. Nationally, unauthorized immigrants comprise about 3.7% of the population (2010) while unauthorized immigrants in Kansas comprise about 2.3% of the population and in Missouri less than 1%.

<b>Estimated Undocumented Immigrant Population (in 1000s)</b>				
	<b>Homeland</b>	<b>Pew</b>	<b>Mo (Pew)</b>	<b>KS (Pew)</b>
2000	8,480	8,600	30	55
2001				
2002				
2003		10,100		
2004				
2005	10,500	11,000	40	60
2006	11,550	11,100		
2007	11,780	12,000	45	70
2008	11,600	11,700	45	70
2009	10,750	11,300		
2010	10,790	11,400	55	65
2011	11,510	11,500		
2012	11,430	11,200		
2013		11,300		

Table 13: Estimated Number of Undocumented Immigrants (in 1000s), 2000-2013. Source: Department of Homeland Security; Pew Research Center

Unauthorized Immigrants as % Population 2010		
US	MO	KS
3.68	0.92	2.27

Table 14: Estimated Undocumented Immigrant Population as a Percent of Total Population, 2010.

Most unauthorized immigrants in the US are integrated into their communities. Fully 34% have been in the country 15 years or more, while only 15% have been in the country 5 or fewer years. Although we lack detailed geographic data, it is likely that our region follows a similar pattern.

According to numbers from the Pew Research Center, approximately 38% of unauthorized immigrants live with US-born children who, under US law, are citizens from birth. Contrary to popular belief, having US-born children gives parents little protection against deportation (although that has changed given President Obama’s recent executive order). Currently, the focus of immigration enforcement efforts is to deport criminals and to apprehend people at the border. However, efforts such as apprehension of unauthorized immigrants in the workplace often lead to the deportation of one or both parents of citizen children. Sometimes children leave the country with their parents, sometimes they are left in the care of a relative, and sometimes they enter the foster care system. President Obama recently proposed immigration reforms to protect the parents of citizen children (Shear, Preston, and Parker 2014).

In 2013, deportations totaled about 440,000 people, less than 4% of the estimated unauthorized population. About 40% of deportees had criminal convictions and probably came to the attention of immigration officials through the law enforcement system (Simanski 2013). Of the deportees, about 71,000 were parents of citizen children (Foley 2014). About 80% of this number had criminal convictions, but often for minor offenses.

Whether there should be a path to citizenship for unauthorized immigrants or added protections for the parents of citizen children will continue to be debated. What is clear is that at current “enhanced” levels, deportations will do little to reduce the size of the unauthorized community.

### Section 6: Economic Effects of Immigration

We turn now to the economic impacts of immigration. The economic effect of immigration stirs controversy among applied economists. Economists use many measures and methods to address the issue, and not surprisingly reach different conclusions depending on the methods employed. The bulk of the literature indicates that immigration has a small but positive effect on wages and employment of native-born workers. A key question in the immigration literature is whether native and immigrant labor are substitutes for one another (in which case wages of natives may be lowered) or complements, in which case the two types of labor work together, enhancing outcomes of both groups. The issue is far from settled, and it is possible that immigrants and native-born workers are substitutes in some fields and complements in others.

Borjas (2013) finds that immigrants increase the US gross domestic product by about 11%. However, he finds that most of this impact goes to the immigrants themselves. According to Borjas, wages of US-born workers are depressed by about \$1000 annually by immigration, depending on education level. Profits of firms that use low-wage immigrant workers rise. In an earlier study, Borjas (2010) presents evidence that immigration has an especially negative effect on the wages and employment of black males, depressing wages by about 2.5% and employment rates by almost 7%. Borjas (2003, 2004) finds that the impact of immigration on wages is most severe for native-born workers with less than a high school education. The impact of immigration does not depend on whether the immigrants are authorized or not—it is the increase in the potential labor force that causes the impact on wages.

Ottaviano and Peri (2012) arrive at the opposite conclusion of Borjas. They present evidence that immigration has almost no effect on the wages of native workers with less than a high school degree. For native workers in general, immigration has a small positive effect on wages of about 0.6%. New immigration does have a negative effect on the wages of previous migrants of about 6%. In other words, immigrants compete mostly against other immigrants in the labor market. In another study, Peri (2012) uses state-level data and finds that immigration increases investment and specialization. This, in turn, increases employee income. He also finds that immigration has almost no impact on the number of jobs for native-born workers. In a very recent study, Lewis and Peri (2014) look specifically at the impact of immigrants on local economies. In general, they find that higher immigration is associated with higher wages for native-born workers and with higher productivity.

Card (2007, 2009) has researched the impact of immigration and population change for US metropolitan areas. He finds that immigration has a positive effect on population: cities with high immigration also experience inflows of native-born residents. In the same study, Card finds a positive impact of immigration on the wages of native-born workers. Clearly debates continue in the economics literature about the proper data and modeling techniques to estimate the impact of immigration.

Recent research on local immigration in Kansas, Missouri, and St. Louis supports the finding that immigration has a positive effect on the region's economy. Eaton (2013a, 2013b) estimated the multiplier effects of immigration in the states of Kansas and Missouri. In these studies, he accounts for the costs and benefits of adding immigrants to the state economies. Costs include those associated with educating immigrant children and state services. Benefits include the tax revenues generated by immigrant employment as well as jobs created in other sectors in response to the increase in population and employment. Eaton finds that the benefits of immigration in terms of tax revenue exceed the costs in both states. Strauss (2012) examined the economic impact of immigration in the St. Louis metropolitan region. His study suggests that immigration would be beneficial for growing the St. Louis economy.

### **The Impact of Immigration in Metropolitan Areas**

We adopt an econometric strategy employed by Card (2007, 2009) using data from the American Community Survey from 2007 – 2012 and from the 2000 Census. Our sample includes

metropolitan areas with populations in the range 150,000 to 4,000,000. We estimate the effect of immigration on the change in population, employment of US-born workers and average wages of US-born workers. We employ instrumental variables techniques in order to control for the endogeneity of immigrant location. Within the size range of our sample, we experimented to see whether results varied by city size. There did not seem to be significant variation, so the results that we present should be applicable to the KC metro area.

At first glance, it appears that the estimation of the effect of immigration on a variable such as total population should be simple. On one side of the equation would be the outcome variable such as change in total population. On the other side would be change in total immigrants. Unfortunately, this model fails to distinguish causality. Does population growth attract immigrants, or do immigrants cause population growth, or both?

Instrumental variables methods use measures that are related to the number of immigrants arriving in a metropolitan area but uncorrelated with population growth in order to identify a causal effect of immigration. Our model uses the previous period's change in immigrants as well as the metro area's baseline share of US immigrants as proxies for current changes in immigrants. The intuition is that immigrant arrivals in a previous period are uncorrelated with current population growth. In addition to using instruments for the change in foreign-born population, we include controls for the current population level and the previous change in total population.

**Model for Population**

Change in total population( 2007-2012) =  
 constant +  
 a1\*change in foreign-born population(2007-2012)+  
 a2\* log(population 2007) +  
 .a3\*change in population(2000-2007).  
 Instruments for change in foreign-born population (2007-2012):  
 change in foreign-born population (2000-2007) .  
 metro area's share of US foreign-born population, 2007.

**Model for Employment**

Change in total employment (2007-2012) =  
 constant +  
 b1\*change in foreign-born work age population age 25-64 (2007-2012)+  
 b2\* log(employment 2007) +  
 b3\*change in employment (2000-2007).  
 Instruments for change in foreign-born work age population (2007-2012):  
 change in foreign-born work age population (2000-2007) .  
 metro area's share of US foreign-born work age population, 2007.

### Model for Wages of Native-born Workers

Log hourly wage of native-born (2012) =  
constant +  
c1 \* share of foreign-born in population (2012)+  
c2 \* share of workers with college education (2012) +  
c4 \* log(population) (2012)  
Instrument for share of foreign-born (2012):  
share of foreign-born (2007)

The key coefficients in the above models are a1, b1, and c1, which identify the effect of immigration on population, employment growth, and wages. Table 15 shows the key coefficients and their statistical significance. Coefficients that are greater than one in the first two models indicate that immigration increases population or employment. The coefficient for the third model needs more interpretation because the dependent variable, is the logarithm of wages, and the coefficient can be interpreted as the percentage change in wages given a one percent increase in the share of the immigrant population.

The results from the first model suggest that in metropolitan areas, each new immigrant attracts an additional .26 native-born residents. Hence, an increase in 1000 immigrants to Kansas City should increase the total population of the metro area by 1260 people, including the immigrants.

The second model indicates that each new immigrant of prime working age leads to 1.23 new jobs—enough for the immigrant and additional native-born workers. Not every immigrant in the 25-64 age bracket participates in the labor market, and not every labor market participant finds employment. Based on Figures 16 and 17, we see that 79.24% of working age immigrants participate in the labor market in Kansas City, and of those 92.86% have jobs. Hence, we estimate that about 73.6% (79.24%\*92.86%) of additional working age immigrants to Kansas City will find employment. For each 1000 immigrant employees aged 25-64, Kansas City has another 130 younger or older immigrant employees. We expect that in-migration of 1000 new working age immigrants will lead to 1230 total new jobs, of which about 740 will go to the new working age immigrants, 95 will go to younger or older immigrants, and the remainder (395) will go to US born workers.

The third model shows a small but positive relationship between the share of immigrants in a metro area and wages of native-born workers. To interpret the coefficient, suppose that the immigrant population increases from a 6% share of population (the approximate value for Kansas City) to a 7% share-- a change of 1 percentage point or .01. The log of wages would be expected to change by .0074. Using an average wage of \$25 per hour over all education levels, we expect a wage increase of about 19 cents per hour. This is a negligible change, but clearly not negative.

In general, our results indicate that immigrant and native-born workers are complements in metro areas. Thus, additional immigration will likely increase population, employment, and

wages of natives and immigrants alike—directly contributing to economic growth in the KC Metro.

Regression Results			
Regression	Key variable	Coefficient estimate	Significance level
Population	change in foreign-born population (2007-2012)	a1=1.26	1%
Total Employment	change in foreign-born work age population ages 25-64 (2007-2012)	b1=1.23	1%
Wages of Native-born (log)	Share of foreign-born in total population	c1 = .74	1%

Table 15: Regression Results, Key Coefficients and Statistical Significance.

These findings are very similar to those in Card (2007, 2009) and Strauss (2012). Immigration increases economic activity and growth in metropolitan areas. This is more likely to be true for the state of Missouri, where immigrants are concentrated in urban areas, than in the state of Kansas, where significant numbers of immigrants live outside of urban areas. Jobs in the rural part of Kansas are more likely to be low-skilled and part of the agriculture industry. Furthermore, we have some evidence that immigrants depress the wages of low-skilled workers (Borjas 2004, 2010). Ideally, we would like to do a comparable study for non-urban immigration, however, the data are not sufficient to support such a study. Non-urban areas are not consistently defined across time in the same way that metropolitan areas are defined by the Census. Furthermore, data on rural areas in the American Community Survey are less likely to be collected and less reliable because they do not have a sufficient sample size of rural residents in the survey. Thus, we cannot determine whether immigration has the same economic impact in non-urban areas as it does in urban areas.

In addition, we did identify above that immigrants are more likely to be impoverished or low-income, especially in the state of Kansas. Low-income families may demand additional state services. Eaton’s estimates for Kansas suggest that the benefits of additional immigrants outweigh the costs associated with providing additional education expenditures and state services to them.

## Section 7: Conclusions about the Economic Impact of Immigrants in Kansas, Missouri and the KC Metro

Kansas, Missouri, and the KC Metro have lower shares of immigrants than the US or comparable metropolitan areas. The region also has lower shares of H1B visa holders, permanent residents, and unauthorized immigrants. In both states, immigrants are just as likely as natives to be employed and participate in the labor force. Immigrants are more likely

to have lower skills (less than a high school degree) or higher skills (graduate degrees) than natives in the two states. Thus it is not surprising that we find no significant negative effects of immigrants on population and employment growth in our estimated models.

Based on our metropolitan area regressions, the KC Metro would benefit from additional immigrants in terms of population growth, wages, and employment. Compared to other mid-sized metropolitan areas, the KC Metro has a much smaller share of immigrants. Thus, Kansas City has the capacity to absorb larger numbers of immigrants without experiencing adverse impacts on wages and employment.

In the state of Kansas, immigrants have increased the population in areas of the state that have experienced population declines. Many of these immigrants have settled in the southwestern part of the state to work in agriculture-based industries such as dairies and meatpacking. To the extent that population growth is a key contributor to economic growth, policies designed to encourage immigration may pay dividends for the state. In contrast, adopting policies that discourage immigration will likely have a negative impact on population, employment, and economic growth.

The state of Missouri has a very low share of immigrants compared to the nation as a whole and the state of Kansas. Given this low share, Missouri has the capacity to absorb many more immigrants than it currently does. Higher rates of immigration may provide one potential explanation for the growth of the KC Metro economy compared with the stagnation of the St. Louis economy.

The entire region would benefit from an increase in skilled immigrants. Visa flows by state indicate that both Kansas and Missouri attract fewer foreign students and H1B workers—proxies for high skilled immigrants. Although immigrants are more likely to become entrepreneurs than natives in the country as a whole, that is not the case in the states of Kansas and Missouri. Skilled immigrants are more likely than skilled natives to become entrepreneurs and own small firms. Furthermore, small firms and entrepreneurial ventures are more likely to expand and generate greater economic growth (Kauffman Foundation). Thus, policies designed to attract skilled immigrants would bolster the regional economy.

Overall, our statistical analysis finds that immigrants add to the population and contribute to economic growth in the states of Kansas, Missouri and the KC Metro. We find no evidence that immigrants displace native population or employment. In fact, we find the opposite, that immigrants increase the population and employment of metropolitan areas in the United States.

## Data Sources

### IPUMS (Integrated Public Use Microdata Series)

**Purpose:** IPUMS harmonizes Census and other individual-level data (microdata) by providing a constant set of variable names and value coding across years. In particular, we used IPUMS to extract data from the American Community Survey 1-year micro samples for 2007-2012. We also used the Census 2000 microdata. We aggregated underlying microdata to build most of the tables and figures in the report. The use of microdata allowed us to define tables (such as those for workers age 25-64) that are not available in standard Census publications.

**Citation:** Ruggles, Steven; Alexander, J. Trent; Genadek, Katie; Goeken, Ronald; Schroeder Matthew B.; and Sobek, Matthew. 2010. *Integrated Public Use Microdata Series: Version 5.0* [Machine-readable database]. Minneapolis: University of Minnesota.

Website: <https://www.ipums.org/>

### American Community Survey (ACS) Summary Files

**Purpose:** The U.S. Census Bureau pre-tabulates data from the ACS for small geographic areas such as counties. For areas of small population, estimates only are available for 5-year aggregates. The data were used to generate county-level maps for Missouri, Kansas, and the Kansas City Metro.

**Citation:** U.S. Census Bureau. 2008-2012 American Community Survey 5-Year Estimates: 5-Year Summary File. [http://www.censU.S..gov/acs/www/data\\_documentation/summary\\_file/](http://www.censU.S..gov/acs/www/data_documentation/summary_file/).

### Survey of Business Owners

**Purpose:** We used the survey to tabulate foreign- and native-born business ownership for firms with under 500 employees for Figure 19.

**Citation:** U.S. Census Bureau. 2007. Survey of business Owners: Public Use Microdata Sample (PUMS): 2007. <http://www.censU.S..gov/econ/sbo/pums.html>.

### U.S. Department of Homeland Security (DHS)

**Purpose:** We used the DHS *Yearbook of Immigration Statistics* for annual flows of permanent and temporary residents. The annual flow data from DHS show numbers of “admissions” rather than numbers of new visas. We used the admissions numbers to estimate geographic details from the data on new visas available from the U.S. Department of State. We used the annual *Estimates of the Unauthorized Immigrant Population Residing in the United States* for the report section on legal status of residents.



**Citations:**

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### **U.S. Department of State**

**Purpose:** the Department of State provides data on new visas issued annual by type of visa. The data do not contain geographic detail. Therefore we prorated the data using sources from department of Homeland Security and Department of Labor.

**Citations:**

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### **U.S. Department of Labor**

**Purpose:** The U.S. Department of Labor certifies applications for H1B and other temporary work visas. Not all applications are granted because there are caps on the annual issue of work visas. We used the applications data to add geographic detail to the data on the total number of visas published by the Department of State.

**Citation:** U.S. Department of Labor, Employment and Training Administration. (undated). Office of Foreign Labor Certification (OFLC) Disclosure Data. Downloadable spreadsheets.  
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## Pew Research Center

**Purpose:** The Pew Research Center estimates the number and characteristics of unauthorized immigrants. Their reports provide state-level approximations.

### Citations:

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