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The DREAM Act: A Win-Win Situation

A White Paper Prepared for

LULAC National

by

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Dallas, Texas

April 6, 2006

Executive Summary

The DREAM Act (Development, Relief, and Education for Alien Minors) was conceived as a way of helping the estimated 65,000 children of undocumented parents achieve citizenship through college education or military service, coupled with a record of good moral character. The proposed legislation faces an uncertain future with a Congress that is deeply divided on immigration reform and an American public that is ambivalent about the impact of increasing numbers of undocumented immigrants on their quality of life.

A number of barriers were identified as shaping the public's acceptance of The DREAM Act and proposed legislation to control illegal immigration.

- The DREAM Act remains in relative obscurity. The mass media has done little to educate the general public about the proposed legislation while limited information is provided by advocacy organizations.
- National pollsters confirm that the American public remains sharply divided about the economic and social impact of immigrants on their quality of life. While many believe that immigration is good for the U.S. economy, nearly half feel that immigrants hurt the job market and cost taxpayers too much. Moreover, many Americans also believe that illegal immigrants contribute to crime, increase the danger of terrorism, and threaten traditional American values. The more negative views of immigrants were held by Americans who were less educated, struggling financially, and lived in neighborhoods with the least exposure to immigrants. Whites and blacks also held more negative perceptions of immigrants than Hispanics.
- Despite these concerns, a little over half of the American public is supportive of providing temporary legal status to undocumented immigrants, while over seven in ten feel that the children of illegal immigrants should be permitted to attend public schools. Nonetheless, seven in ten Americans disagree that the U.S. should make it easier for the undocumented to become U.S. citizens.
- The ambivalence and associated anxiety with solving the immigration problem has prompted several initiatives or practices that significantly limit the quality of life for the undocumented and Hispanics in general, including limited access to healthcare services, restrictions on drivers licenses, limiting access to higher education (Texas' Top 10% Law), and

the tendency for state-mandated tests to drive increasing numbers of limited English-speaking youths to G.E.D. programs.

- The federal government's indifference to the hiring of the undocumented is also a factor that elevates anxiety in the American public. The U.S. Immigration & Custom Enforcement agency brought just three actions against companies for hiring undocumented immigrants recently, down from 417 in 1999. Moreover, only 2,300 of the country's 5.6 million employers used a computer system in 2004 to check employee Social Security numbers.
- The findings of research scientists that have examined the economic and social contributions of immigrants to the U.S. have also remained in obscurity in the mass media. These experts -- representing well recognized institutions like the RAND Corporation, the National Research Council, Federal Reserve Bank of Dallas, and The University of North Carolina at Chapel Hill -- have generally concluded that the net fiscal impact of immigration in the long run was positive, and that immigrant labor allows private and public organizations to remain more competitive.
- Other indicators of Hispanic economic contributions and civic participation in the U.S. included a buying power of \$735 billion in 2005; estimated sales of \$226 billion by 1.6 million Hispanic-owned firms in 2002; estimated Texas Lottery sales to Hispanics of \$1.3 billion annually; 7.6 million votes cast by Latinos in the 2004 presidential election; and a history of defending the U.S. in armed conflicts by Latino citizens and non-citizens.
- An Expenditure Analysis was conducted to examine the expected financial gains by selected industries in Texas that might result by allowing an estimated 4,358 undocumented immigrants to gain citizenship by completing a college education and working at college-level wages -- the primary goal of the proposed DREAM Act. The analysis revealed that:
 - Their estimated pre-tax aggregate annual earnings would increase substantially from \$60.1 million to \$146.5 million;
 - A total of \$86 million of additional expenditures would be expected if these 4,368 individuals were allowed to complete their college education and work at college-level wages;
 - The housing industry would realize an additional \$30.7 million in expenditures, \$16.9 million more for transportation; \$8.9 million for food at home; and \$7 million more for personal insurance and pensions;
 - An estimated \$21 million in tax contributions would be collected that might otherwise be lost if these individuals remained unauthorized.

- Part of the credit for the increasing ambivalence and hostility towards immigrants was attributed to journalistic practices that tend to focus on the most negative aspects of the immigrant experience in the U.S. -- practices that overlook important scientific research that might reduce the negative perceptions of immigrants held by the American public. The Lou Dobbs Tonight show on CNN, in particular, was described as an entertainment program that played a key role in shaping negative perceptions of immigrants through a steady diet of hostility, intolerance and distortions of the truth.

Finally, recommendations were made to initiate a new strategy that requires advocacy organizations of immigration reform to assume a greater responsibility in educating the American public about the positive contributions of immigrants, both documented and undocumented. Some of the recommended actions included the sponsorship of public opinion polls, especially on topics like the DREAM Act; expanded publicity of the scientific studies that confirm the positive contributions of immigrants to the U.S. economy; soliciting support from Latino and non-Latino celebrities to encourage public acceptance of the DREAM Act; pressing journalists to write more stories about the children impacted by the DREAM Act, as well as Latino consumers and businesses; developing an effective message strategy or strategies that can be part of an informational campaign to promote public acceptance of the DREAM Act; expand public protests to voice Latino dissatisfaction with hostile legislation and practices; and leveraging Latino economic clout to shape public policy decisions, especially when voter registration and turnout levels fall short of the intended objectives.

Introduction

It is estimated that 65,000 undocumented migrants graduate from U.S. high schools on a yearly basis without a clear sense of their future because they had the misfortune of accompanying their undocumented parents when they originally migrated to the U.S.¹ The DREAM Act (Development, Relief, and Education for Alien Minors) was conceived as a possible legislative solution to the dilemma that these children encounter by allowing them to achieve citizenship through college education or military service coupled with good moral character. After an initial unsuccessful attempt, the House decided recently to re-consider the Dream Act. However, the proposed Dream Act faces an uncertain future with an American public and Congress that is deeply divided over proposed immigration reform. The purpose of this paper is to describe some of the challenges facing passage of the Dream Act as well as explore some ideas for improving its public acceptance.

About the DREAM Act

Learning about the DREAM Act is not an easy task, unless one is already a part of the legislative circle of stakeholders. The mass media has done little to educate the public about the DREAM Act, while the information provided by advocacy organizations and critics is limited primarily to its constituencies. Little scientific research has addressed the long-term fiscal impact of the DREAM Act per se, although several studies reviewed here have addressed the fiscal impact of immigrants on the U.S. economy. While quoted in selected legislative memos or press releases, tracking down the original reports or books for such studies was a challenging task. Some of the most

practical information on the DREAM Act is available on the National Immigration Law Center web site² which includes key summaries about the economic benefits of the DREAM Act and other key facts about immigrants. For example, following are three basic questions addressed by this web site:

- What is the DREAM Act? The Development, Relief, and Education for Alien Minors Act (S.2075) addresses the situation encountered by children who were brought to the U.S. years ago as undocumented immigrants but have since grown up in the U.S., stayed in school and out of trouble.
- What does the Act require? To qualify for relief under the Act, a student must have been brought to the U.S. more than 5 years ago when they were 15 years old or younger and able to demonstrate good moral character. Once such a student graduates from high school, he or she would be allowed to apply for conditional status, which would authorize up to six years of legal residence. During this six-year period, the student would be required to graduate from a two-year college, complete at least two years towards a four-year degree, OR serve in the U.S. military for at least two years. Permanent residence would be achieved at the end of the six-year period if the student had met these requirements and continued to maintain good moral character.
- What is the current status of the DREAM Act?: By the adjournment of the 108th Congress, more than one-third of all members – 152 Republicans and Democrats – supported the DREAM Act, although it was not brought up for a vote by the congressional leadership. On November 18, 2005, a bipartisan group of senators re-introduced the DREAM Act, which could become law if passed by both houses of Congress and signed by the president before the end of 2006. The sponsors of the re-introduced 2005 DREAM Act are Richard Burgin (D-IL), Chuck Hagel (R-NE), and Richard Lugar (R-IN). The other original co-sponsors are Norm Coleman (R-MN), Larry Craig (R-ID), Mike Crapo (R-ID), Mike DeWine (R-OH), Russ Feingold (D-WI), Edward Kennedy (D-MA), Patrick Leahy (D-VT), Joseph Lieberman (D-CT), John McCain (R-AZ), and Barack Obama (D-IL).

Despite its relative obscurity in the mass media, the implications of the DREAM Act are critical for the lives of the many children who encounter unique barriers to higher education, are unable to work legally in the U.S., and live in fear of detection by immigration authorities. Passage of the DREAM Act, however, is taking place during a

contentious political climate that is increasingly divisive and hostile towards immigrants. As revealed by national pollsters, American public opinion towards immigrants, often negative and ambivalent, has led to various public policy initiatives that threaten the quality of life for immigrants, both documented and undocumented, and their subsequent integration into mainstream America.

Public Perceptions Shape Legislative Policies

Although the proposed Dream Act has not been the subject of inquiry in national polls, its potential acceptance by the American public, as well as other proposed legislation on immigration, could be gauged by considering general perceptions towards immigrants and related policies. Several polling organizations provide good snapshots of the intensity and ambivalence felt by the American public on immigration-related topics. The Gallup organization, for example, revealed the following from several recent polls:³

- While 61 percent of Americans say that immigration is good for the U.S., 46 percent still want it to decrease.
- About 42 percent of Americans believe that immigration helps the U.S. economy, while 49 percent believe that it hurts it. Whites and blacks are more likely than Hispanics to believe that immigration hurts the economy.
- Nearly half (49%) of Americans believe that immigrants pay their fair share of taxes, while over four in ten (44%) think that immigrants cost taxpayers too much.
- A majority of Americans (70%) disagree that the U.S. should make it easier for illegals to become citizens.

Support among Americans for providing temporary legal status to undocumented immigrants was found in a current AP-Ipsos poll of 1,003 American adults. Overall, 56

percent of the respondents favored a temporary guest worker program – a finding that was supported by Democrats (62%) as well as Republicans (52%). However, while immigrants were perceived as mostly making a contribution to society (51%), over four in ten respondents (42%) felt that immigrants were mostly a drain on society.⁴

Yet another large-scale poll of 2,000 Americans by the Pew Research Center for the People & the Press and the Pew Hispanic Center underscored the deep-seated ambivalence towards immigrants and how it varies:⁵

- Native-born Americans that live in areas with the highest concentration of immigrants view them more positively, suggesting that exposure to and experience with immigrants results in more positive perceptions of them.
- Nearly two-thirds (65%) stated that immigrants coming to the country mostly take jobs that Americans do not want.
- Many believed that illegal immigrants contribute to crime and increase the danger of terrorism.
- Over seven in ten (71%) feel that the children of illegal immigrants should be allowed to attend public schools.
- Financially struggling and less educated people hold more negative perceptions of immigrants, and favor stricter policies than the financially secure and college graduates.
- Although comparable proportions believed that immigrants to the U.S. threaten traditional American values as those who say that they strengthen American society, perceptions of Latin American immigrants have significantly improved since 1997.
- Interestingly, the issue of immigration was not a major concern to most Americans: only 4 percent volunteered it as the most important problem facing the country. Only in Phoenix did immigration emerge as a dominant local issue, while in four other metropolitan areas, traffic congestion rates were perceived as a bigger problem than immigration.

Clearly, Americans are very ambivalent about the impact of immigration on the economy and their quality of life. Exactly how Americans would view a policy like the

DREAM Act that would benefit the children of the undocumented is unknown, although support is evident for educating these children in the public schools. Hispanics are understandably more supportive of the positive contributions of immigrants, undoubtedly because four in ten U.S. Hispanics are foreign-born. However, not all Hispanics share the same views on immigration policy. For example, a recent national poll of U.S. Hispanics by the Pew Hispanic Center illustrated the role played by nativity – that is, native-born Hispanics are less supportive of some immigration policies than the foreign-born.⁶ Nonetheless, a clear majority (84%) of Hispanics in the Pew study favored proposals that would give unauthorized migrants permanent legal status and eventually allow them to become U.S. citizens.

Coupled with recent well-publicized events along the Texas border, renewed demands for a border fence, surveillance efforts by the minutemen, and elaborate tunnels facilitating the flow of drugs, it is not difficult to understand the ambivalence and negativism among the American public towards illegal immigration and reforms under consideration. Indeed, the intensity of these perceptions are driving legislators at the federal and state levels to respond with an arsenal of proposed policies that significantly threaten the quality of life for all immigrants, whether documented or undocumented, since several million Hispanic families include persons who are authorized and unauthorized. Because Hispanics comprise the vast majority of undocumented migrants to the U.S., these new policies can be expected to disproportionately impact their communities. Following is a partial listing of these proposed policies:

- Limited Access to Health Care: Some states have considered policies to require patients to prove citizenship before receiving treatment from publicly supported healthcare providers, an initiative that has met strong resistance from the healthcare industry. While advocates of the proposed policy believe that they are protecting taxpayers from the burden of treating uninsured patients who are primarily undocumented migrants, critics of the policy refuse to play the role of immigration officers and further warn that the practice could escalate the number of patients seeking more costly emergency care. The general public is likely to be negatively impacted as well by this policy since many immigrants prepare and serve the food consumed in many food establishments and care for children as domestic laborers – jobs that clearly require healthy workers. To make matters worse, the Bush administration is signing into law this July a requirement for people on Medicaid to prove they are U.S. citizens by showing passports or birth certificates and a limited number of other documents
- Drivers License Restrictions: Guided by the notion that potential terrorists can use drivers licenses to buy the goods or services needed to facilitate their deeds, legislators want to deny this privilege to undocumented migrants, which would clearly limit transportation to work, healthcare, school and other basic needs. Critics of this policy explain that the nation's security would be diminished, not enhanced, by eliminating an important source of identification for persons entering the U.S.
- New Georgia Law Deals Harshly with the Undocumented: In April of 2006, Gov. Sonny Perdue signed the Georgia Security and Immigration Compliance Act which requires companies with state contracts to verify employees' immigration status, penalizes employers who knowingly hire illegal immigrants, curtails many government benefits to illegal immigrants, and requires jailers to check the immigration status of anyone that is charged with a felony or driving under the influence. Although the law does not prohibit illegal immigrants from owning property, real estate professionals have noticed a dramatic drop in home purchases by undocumented immigrants, while legal immigrants are also having second thoughts about whether they would feel welcome in Georgia.
- Texas' Top 10% Law Threatened: The Top 10% Law guarantees that Texas high school graduates who rank in the top 10 percent of their senior class be admitted to any state institution of higher learning. Although the law has been a resounding success in diversifying the student body at UT Austin, aggressive efforts were launched recently to abolish or radically change the law, which would significantly limit admissions of Hispanic and other students. Interestingly, the fact that students admitted under the Top 10% program performed better academically at UT-Austin than students admitted under traditional criteria seemed not to matter much to Texas policymakers.⁷

- State-Mandated Tests Limit the Pool of Hispanic College Aspirants: On a national level, more youths are opting for the G.E.D. instead of earning a high school diploma.⁸ Recent immigrants with limited English-speaking skills are often pointed to G.E.D. programs as early as the eighth grade, a practice that clearly limits the potential college-going population. Under the No Child Left Behind Law, schools have more incentive to transfer students to G.E.D. programs, who are generally off the school rolls and not counted as dropouts in many states. In spite of their recognized poor relationship to high school grades and other external measures of success, such state-mandated tests are systematically reducing the pool of Hispanic college aspirants while expanding the pool of low-wage job earners and military recruits.

Despite public concerns about immigrants and the initiation of public policies to limit their access to social services, the federal government has traditionally not taken an assertive role in cutting off the primary incentive for illegal immigration: jobs. According to a recent Business Week article,⁹ a Government Accountability Office (GAO) study reported that “the U.S. Immigration & Customs Enforcement agency brought just three actions against companies for employing illegals, down from 417 in 1999.....And only 2,300 of the country’s 5.6 million employers used a computer system in 2004 to check employee Social Security numbers.” The author underscores our nation’s continuing dependence on immigrants, both legal and illegal, as a source of labor and consumers.

Thus, it appears that while American public opinion about immigrants is largely ambivalent, a significant proportion of Americans view illegal immigration as a drain on American society and seem willing to limit their access to key social services. More importantly, the unwillingness of the federal government and U.S. employers to act more assertively to eliminate the primary incentive for illegal immigration has allowed public ambivalence to steadily evolve into hostile public policies towards immigrants. The uncertainty associated with immigration policies and practices poses a potential

threat to the passage of the DREAM Act as well as other proposed immigration reform, suggesting a distinct need to directly address the merits of the arguments related to the contributions of immigrants, both legal and illegal, to American society. *Indeed, are immigrants really a threat to the economic and social fabric of the U.S., or is the American public being misled into believing this?* To this end, it was important to review the conclusions reached on these issues by the scientific community rather than advocacy organizations that may be perceived as lacking objectivity on these issues. Not surprisingly, the findings of these scientific studies have received little attention in news reports related to pending immigration reform.

What the Scientists are Saying about Immigration

Although none of the studies reviewed here addressed the merits of the DREAM Act per se, they were included because they made definitive statements about the fiscal contributions of immigrants to the U.S. economy. Importantly, several of these studies were conducted by some of the nation's brightest minds in labor economics and immigration.

Federal Reserve Bank of Dallas (2000)

“The Second Great Migration: Economic and Policy Implications” is an excellent publication by two economists with the Federal Reserve Bank of Dallas.¹⁰ This was the first publication reviewed in preparing this paper and provided a concise overview of the economic and policy implications of growing immigration trends, especially as it related to previous immigration waves. Aside from identifying important issues and trends related to immigration, the paper identified other experts that had addressed this topic.

As Orrenius and Viard observed, immigration policy today is more restrictive and complex, while the fiscal impact of immigration is far more significant today than a hundred years ago. Part of the explanation for this trend is that Latin America and Asia have replaced Europe and Canada as the primary sending areas of immigrants. Although the United States attracts a greater share of low-skilled immigrants, high-skilled immigrants are also attracted by the higher wages and favorable tax climate in the U.S. in comparison to Europe and Canada. European immigrants earn higher average wages than natives, although Mexican immigrants have average wages that are 40 percent below those of U.S. natives.

The majority of recent immigrants to the U.S. are young, less educated, have little work experience, and have limited English-speaking skills. Contrary to popular belief, however, immigrants are not entering the U.S. primarily to obtain welfare or other social services. Compared to natives with similar characteristics, immigrants have a high labor force participation rate and comparable welfare participation. Moreover, immigration continues into states like Texas where such benefits are among the lowest in the nation.

Wage disparities between natives and immigrants, while initially large, tend to disappear the longer the immigrant lives in the U.S. and assimilates, although wage parity with natives is not usually achieved. The natives who lose out from increasing immigrant workers are those that are most similar to them in terms of job skills, while the wages of the skilled natives tend to rise. In the end, the *primary beneficiaries of increasing immigration include employers who pay lower wages; consumers who pay lower prices; and companies that provide goods and services to immigrants.*

In addition, the solvency of the Social Security trust fund shows sensitivity to immigration levels -- that is, higher immigration levels tend to prolong the solvency of the trust, while lower immigration levels shorten this time period and would likely lead to a higher payroll tax rate. The Social Security Administration reports that contributions by illegal immigrants, accumulated in an "earnings suspense file," has grown to \$189 billion worth of wages in the 1990's and continues to grow in the current decade at a rate of \$50 billion a year, generating about \$6 to \$7 billion in Social Security tax revenue and \$1.5 billion in Medicare taxes. Moreover, illegal immigrants support the system even more since they will never collect the benefits from these payments.¹¹

National Research Council (1997)

In 1995, a bipartisan commission appointed by Congress asked the National Research Council to convene a panel of experts to evaluate the demographic, economic, and fiscal consequences of immigration.¹² Using some of the most comprehensive sources of information available at that time, the panel's charge was to address the following key questions:

1. What is the effect of immigration on the future size and composition of the U.S. population?
2. What is the influence of immigration on the overall economy?
3. What is the fiscal impact of immigration on federal, state, and local governments?

Of particular relevance to our analysis are the findings related to the fiscal impact of immigration. These experts used a more meaningful approach by computing the *lifetime fiscal impact of immigrants and their descendants*, that is, their expected tax payments less the expected cost of the public services provided to them. The public services included welfare, Social Security, Medicaid and Medicare. These experts concluded that:

- Estimated tax payments exceeded the cost of services by \$80,000 for the typical immigrant and his or her descendants. The average fiscal impact of an immigrant with less than a high school education was minus \$13,000. However, the impact of the original immigrant was -\$89,000, which was mostly offset by the positive \$76,000 in contributions by the descendants of the immigrant.
- The net fiscal impact of an immigrant also depended on their education. The net present value of the fiscal impact of an immigrant with less than high school education was -\$13,000, while the net present value for an immigrant with more than a high school education was +\$198,000.

- Under most scenarios, the long-term fiscal impact was strongly positive at the federal level but largely negative at the state and local levels. The reason for this is that the federal impact is shared evenly across the country, but the negative state and local impacts are concentrated in the few states and localities that receive most of the new immigrants.

In the long run, the experts concluded, the net fiscal impact of immigration was positive under most of the scenarios considered. In a separate analysis, these experts also concluded that there was *no relationship between increasing crime and the growth of immigrants in communities*, a finding that contradicts the perceptions of many Americans.

RAND Education, Center for Research on Immigration Policy (1999)

The RAND study utilized a comprehensive source of information to address three key issues:¹³

- What might the future educational attainment of the population be if the current immigration and school and college-going patterns continue?
- What benefits and what costs are associated with closing, partially and fully, the educational gap between non-Hispanic whites, on one hand, and blacks and Hispanics, on the other hand?
- How sensitive to immigration policy is the distribution of educational attainment within the population?

This study estimated that an average 30-year old Mexican immigrant who graduates from college will pay \$5,300 more in taxes and cost \$3,900 less in criminal justice and welfare expenses each year than if she had dropped out of high school, which totals to an annual increased fiscal contribution of more than \$9,000 per person. Just graduating from high school would result in half, or \$4,200, of the annual increased contribution of the average 30-year old Mexican immigrant woman – the rest would

result from college attendance and graduation. Moreover, the average Mexican immigrant woman who graduates from college as a result of the DREAM Act rather than dropping out would likely increase her pretax income at age 30 by more than \$13,500 per year.

Massachusetts Taxpayers Foundation (2006)

To address concerns that a proposed policy to provide in-state tuition to undocumented immigrants would cost Massachusetts millions of dollars in forgone tuition and fees, the Massachusetts Taxpayers Foundation analyzed projected enrollments of these students and found that the Commonwealth would receive several hundred thousand dollars in tuition and fees in 2006, an amount that would increase to \$2.5 million by 2009.¹⁴ The study also noted that “over the long term Massachusetts would derive positive benefits from increased tax revenues and a greater number of educated workers if the new tuition policy were adopted.....and expand the pool of skilled workers available to the knowledge-based industries that drive the Commonwealth’s economy.”

A similar study motivated by efforts to provide in-state tuition to undocumented migrants was conducted for the State of Florida and concluded that the addition of an estimated 1,749 to 2,825 new undocumented students annually would add 1 to 2 million dollars in tuition payments to Florida’s state university and community college system.¹⁵

The University of North Carolina at Chapel Hill (2006)

“The Economic Impact of the Hispanic Population on the State of North Carolina” is a recent study that was conducted by two management experts at the Kenan-Flagler Business School, The University of North Carolina at Chapel Hill.¹⁶ Among the various findings, the study found that Hispanics contributed more than \$9 billion to the state’s economy through its purchases, taxes and labor, while costing the state budget a net \$102 per Hispanic resident in health care, education, and correctional services. In explaining this net cost to the state, the authors explained:

“The net cost to the state budget must be seen in the broader context of the aggregate benefits Hispanics bring to the state’s economy...above and beyond their direct and indirect impacts on North Carolina business revenues, Hispanic workers contribute immensely to the state’s economic output and cost competitiveness in a number of key industries.” (p. 2)

To illustrate this point for the construction industry in North Carolina where Hispanics are highly concentrated (29%), the authors estimated that, ignoring labor substitution effects, the following could happen if Hispanic workers were withdrawn:

- Construction work could be cut by up to 29 percent
- The state could lose about \$10 billion in construction projects in the state, including:
 - \$2.7 billion for companies supplying construction materials and supplies
 - \$149 million for companies renting buildings, machinery and equipment
 - Up to 27,000 houses not being built
- Up to a 29 percent reduction in non-building construction, such as the installation of guardrails and signs, bridge construction, paving, and water and sewer construction

Other Indicators of Hispanic Economic and Civic Participation

In addition to the studies discussed above, the following indicators of economic and civic participation confirm the fact that Hispanics residing in the U.S. have a vested interest in America's future:

- Consumer Buying Power: In 2005, an estimated 43 million U.S. Hispanics generated \$735 billion in buying power, the majority of which was spent on goods and services in the U.S. Approximately \$127 billion represented the buying power of Texas Hispanics.¹⁷
- Business Ownership: In 2002, the U.S. Census Bureau enumerated 1.6 million Hispanic-owned businesses with sales of \$226 billion. Since 1997, Hispanic-owned firms grew at a faster rate (31%) than all U.S. businesses (10%).¹⁸
- Texas Lottery Sales: A recent study of Texans that had played the Texas Lottery during the past year (DMN 1-14-06) revealed that Hispanics and African-Americans played the lottery more frequently than whites in 2005, and also spent more money on a monthly basis.¹⁹ By using the survey data and population estimates from the Texas State Data Center, we estimated that annual expenditures on the Texas Lottery were distinctly higher for Hispanics (\$1.3 billion) than African-Americans (\$718 million) or whites (\$1.0 billion). Since lottery revenues are an important part of education funding, Texas Hispanics are clearly "investors" in the educational futures of Texas school children.
- Civic Participation: An estimated 61 percent of Latinos are U.S. citizens, while 71 percent of Hispanic Texans are citizens. Latino voter registration in presidential elections increased from 7.6 million in 2000 to 9.3 million in 2004. Moreover, Latinos cast 7.6 million votes in the 2004 presidential election, up from 5.7 million in 2000.²⁰
- Military Participation: Hispanics have been disproportionately awarded medals of honor in defense of the United States in current and past wars. Moreover, large numbers of non-citizens currently serve in the U.S. armed forces. Of the 36,177 non-citizens serving in the military as of July 2004, 21 percent or 7,467 were Hispanics.²¹

Expenditure Analysis

The *Expenditure Analysis* was intended to illustrate the expected financial gains by selected industries that might result by allowing undocumented migrants to gain citizenship by completing a college education and working at college-level wages – the primary goal of the proposed Dream Act. To conduct this analysis, we first obtained the median weekly wages earned by foreign-born Hispanics with a high school degree but no college (\$441) and foreign-born Hispanics with a bachelor’s degree or higher (\$737).²² Annualizing these earnings, we derived an income of \$38,324 for the college-degreed Hispanic and \$22,932 for the high school graduate without college. However, we reduced the annual salary of the high school graduate with no college by 40 percent since this salary approximates more closely the average annual income earned by undocumented migrants – about \$13,759.¹

Next, using a procedure recommended by Jeff Passel of the Pew Hispanic Center, we estimated a total of 4,368 unauthorized migrants that graduate from Texas high schools annually and attend college. Assuming that these 4,368 unauthorized migrants did not pay any taxes (although some experts²³ estimate that more than 50 percent of illegal immigrants in the United States are on payroll records), then their estimated pre-tax aggregate annual earnings would be \$60.1 million. However, if these 4,368 unauthorized migrants became citizens and worked at the average salary of a college graduate with a bachelor’s degree or higher, then the estimated pre-tax aggregate annual earnings would be \$146.5 million – an amount that is nearly 2.5 times higher than the earnings of unauthorized immigrants.

The take-home pay for these two wage scenarios (undocumented vs. college-educated Hispanic) was estimated using two methods: (1) a 12.5 percent tax rate (including federal withholding, Social Security, and Medicare) for a married couple with 4 dependents, and (b) a 22.5 percent tax rate for a single person with no dependents. Tables 1 and 2 on the following pages illustrate the expenditure patterns for these two groups of Hispanics for various expenditure categories, which were derived by applying the percentage distribution (Percent column) reported by the 2003 Consumer Expenditure Survey for U.S. Hispanic households.²⁴ For the purpose of this analysis, we assumed that the expenditure patterns for U.S. Hispanic households were similar to Texas Hispanics, and that the same expenditure patterns applied to Hispanics who were high school graduates with no college and Hispanics who earned a bachelor's degree or higher –an assumption that may or may not be valid.

By examining the “Difference in Expenditures” column in Table 1 on the following page, it is readily apparent that specific expenditure categories would be significantly impacted if these hypothetical 4,368 undocumented migrants became citizens and worked at college wages. For example, housing would realize an additional \$30.7 million in expenditures; \$16.9 million additional expenditures would go towards transportation; \$8.9 million more for food at home; and \$7 million more for personal insurance and pensions. *A total of \$86 million of additional expenditures would be expected if these 4,368 individuals were allowed to complete their college education and work at college-level wages. Furthermore, an estimated \$21 million in tax contributions would be collected that might otherwise be lost if these individuals remained unauthorized.*

Table 1
Expenditure Analysis of 4,368 Hispanics Assuming Married with Four Dependents

<i>Expenditures Categories</i>	<i>Percent</i>	<i>HSG, No College</i>	<i>Bachelor's Degree or Higher</i>	<i>Difference in Expenditures</i>
Food at home	0.104	\$6,250,419	\$15,233,330	\$8,982,911
Food away from home	0.061	\$3,666,111	\$8,934,934	\$5,268,823
Alcoholic beverages	0.009	\$540,902	\$1,318,269	\$777,367
Housing	0.356	\$21,395,666	\$52,144,861	\$30,749,195
Apparel & services	0.051	\$3,065,109	\$7,470,191	\$4,405,081
Transportation	0.196	\$11,779,636	\$28,708,968	\$16,929,332
Health care	0.042	\$2,524,208	\$6,151,922	\$3,627,714
Entertainment	0.036	\$2,163,607	\$5,273,076	\$3,109,469
Personal care products, services	0.014	\$841,403	\$2,050,641	\$1,209,238
Reading	0.001	\$60,100	\$146,474	\$86,374
Education	0.014	\$841,403	\$2,050,641	\$1,209,238
Tobacco products, smoking supplies	0.005	\$300,501	\$732,372	\$431,871
Miscellaneous	0.012	\$721,202	\$1,757,692	\$1,036,490
Cash contributions	0.017	\$1,021,703	\$2,490,064	\$1,468,360
Personal insurance & pensions	0.082	\$4,928,215	\$12,010,895	\$7,082,680
Total	1.000	\$60,100,186	\$146,474,328	\$86,374,142

Table 2 below page presents the same information assuming a higher tax rate for persons who are single with no dependents. The pattern of expenditures is similar to Table 1 above and shows that a total of \$69.8 million in added expenditures would be expected if these 4,368 individuals were allowed to complete their college education and work at college-level wages. Similarly, an estimated \$37 million in tax contributions would be collected that might otherwise be lost if these individuals remained unauthorized.

Table 2
Expenditure Analysis of 4,368 Hispanics Assuming Single with No Dependents

<i>Expenditure Categories</i>	<i>Percent</i>	<i>HSG, No College</i>	<i>Bachelor's Plus or Higher</i>	<i>Difference in Expenditures</i>
Food at home	0.104	\$6,250,419	\$13,509,788	\$7,259,368
Food away from home	0.061	\$3,666,111	\$7,924,010	\$4,257,899
Alcoholic beverages	0.009	\$540,902	\$1,169,116	\$628,215
Housing	0.356	\$21,395,666	\$46,245,042	\$24,849,376
Apparel & services	0.051	\$3,065,109	\$6,624,992	\$3,559,883
Transportation	0.196	\$11,779,636	\$25,460,754	\$13,681,117
Health care	0.042	\$2,524,208	\$5,455,876	\$2,931,668
Entertainment	0.036	\$2,163,607	\$4,676,465	\$2,512,858
Personal care products, services	0.014	\$841,403	\$1,818,625	\$977,223
Reading	0.001	\$60,100	\$129,902	\$69,802
Education	0.014	\$841,403	\$1,818,625	\$977,223
Tobacco products, smoking supplies	0.005	\$300,501	\$649,509	\$349,008
Miscellaneous	0.012	\$721,202	\$1,558,822	\$837,619
Cash contributions	0.017	\$1,021,703	\$2,208,331	\$1,186,628
Personal insurance & pensions	0.082	\$4,928,215	\$10,651,948	\$5,723,733
Total	1.000	\$60,100,186	\$129,901,804	\$69,801,618

In summary, it is clear that the economic benefits of immigrants have been well established by various scientific experts from established U.S. institutions. Moreover, the expenditure analyses revealed that for the State of Texas, significant increases in consumer expenditures and tax contributions could be realized if the children of unauthorized migrants were allowed to become citizens and work at college graduate

level wages. Moreover, by implementing the proposed DREAM Act, the long-term benefits of reducing the Texas high school dropout rate could be substantial, especially since the Texas legislature has estimated that the Texas dropout rate costs the state \$319 billion, or more than \$250,000 per dropout.¹⁴

Given the substantial amount of evidence supporting the positive economic impact of immigrants on the American economy, why does the American public continue to remain so divided on public policy issues regarding immigration? As pointed out earlier, persons with the most negative perceptions of immigrants also tend to have the least exposure to them – pointing to the possibility that such perceptions may be formed or reinforced by the images portrayed by the mass media. In the following section, we discuss the role of selective journalistic practices in shaping American public sentiments towards immigrants.

The Role of Journalism

For better or worse, what the typical American thinks about immigrants, either documented or not, is primarily a reflection of the media that they consume. A legacy of segregation in our nation's neighborhoods, schools, organizations, and workplaces limits the amount of personal contact and knowledge that the typical American has about immigrants and Hispanics, and reinforces the power of the media in shaping their perceptions and behavior towards them. The previously cited study by the Pew Research Center also confirmed that Americans with the most negative perceptions of immigrants tended to have the least exposure to them, were financially insecure and the least educated.⁵ Consequently, many Americans may have little else to base their perceptions of immigrants other than the news reports that they view on a daily basis.

While it may seem unfair to single out the media for shaping public perceptions of immigrants and Hispanics, it is nevertheless instructive to examine its role in light of a key study on this issue that examined the content of 16,000 stories aired in 2002 on network television by CBS, ABC, NBC, and CNN.²⁵ The study found that:

- Latino stories comprised less than 1% of all network stories aired that year, and
- Two-thirds (66%) of these stories about Latinos focused on three topics – illegal immigration, crime, and terrorism.

It is not difficult to see how a steady diet of network news stories about illegal immigration, crime and terrorism could create or elevate hostility towards immigrants, especially Hispanic immigrants. The relative absence of news stories covering the economic activities of the nation's 43 million Latino consumers and 1.6 million Latino-owned businesses further reinforces public perceptions that Latinos and immigrants threaten the social and economic fabric of this nation. Indeed, because limited media attention is generally devoted to the economic contributions of immigrants, the lasting images of immigrants on the minds of most Americans are more negative than they might be otherwise with more balanced news coverage.

In addition, programs like Lou Dobbs Tonight on CNN have been very successful in elevating hostility towards immigrants. While claiming that his mission is to tell American viewers the truth, no matter how uncomfortable or controversial, Lou Dobbs is unapologetic about presenting a steady diet of distorted facts and subjective impressions while also commending the Minutemen Project. Ted Koppel, the former host of ABC's "Nightline," stated that anchors and reporters who blend commentary and news should not describe themselves as journalists. As Koppel explains, "The moment

you start inserting your own passions, in whatever direction, it ceases to be journalism.”

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We could not agree more with Ted Koppel on this one. The Lou Dobbs Tonight show could be easily confused with the entertainment programming offered by Howard Stern or Jerry Springer: hostility, intolerance and a few distortions of the truth. In the meantime, CNN seems quite content that the Nielsen ratings for the Lou Dobbs Tonight show are growing, while apparently indifferent to the increasing consternation among fellow journalists and immigrant advocacy organizations. Clearly, the key to facilitating public acceptance of the DREAM Act as well as more comprehensive immigration reform may rest in the ability of its advocates to better manage the power of the mass media. With a population of 43 million, a buying power of \$753 billion, and a probable 10 million votes in the next presidential election, Latinos may have more influence than they realize to shape the course of events regarding immigration reform.

The Need for a New Strategy

Unquestionably, scientific research is clear about the positive contributions of immigrants to the nation's economy. What is less clear, however, is how the American public perceives a policy like the DREAM Act which is designed to benefit the children of undocumented immigrants. None of the public opinions polls to date have addressed this issue specifically, and the relative absence of media coverage on this topic suggests the possibility that the perceptions of the American public and policymakers may be driven more by selected media stories on crime and illegal immigration. In other words, the positive scientific evidence has been systematically muted by the mass media to the detriment of Latino immigrants. The fact that *76 percent of the American*

public believes that illegal immigrants should be able to earn citizenship, as revealed by a recent Times magazine poll, points to a significant window of opportunity for creating broader acceptance of the DREAM Act ²⁷ and perhaps other proposed legislative reforms. Thus, the time to implement a renewed strategy is now.

The renewed strategy will require advocacy organizations for immigration reform to assume a greater responsibility in educating the American public about the positive contributions of immigrants, both documented and undocumented, since the mass media seems more preoccupied with headlines that arouse anxiety in the American public and improve its audience ratings. Following are some recommended strategies for facilitating passage of the proposed DREAM Act as well as improving public support for general immigration reform:

- Sponsor your own public opinion polls to evaluate sentiments among a national sample of Americans towards the DREAM Act. The potential finding of moderate to strong support for the DREAM Act would be worth its weight in gold for subsequent public relations efforts.
- Disseminate the results of the various scientific studies cited in this paper to the public as well as policymakers in an easily digestible format. The DREAM Act desperately needs to be brought out from obscurity, especially since news stories have devoted little attention to it in the past. Also provide the public links to web sites that explain the DREAM Act and its progress in the legislature.
- Encourage high-profile celebrities, Latinos and non-Latinos, to voice their support for the DREAM Act. Celebrities can have a powerful influence in shaping the attitudes and behavior of viewing audiences.
- Be assertive in pressing journalists to write stories about the children that may be impacted by the DREAM Act, as well as stories about Latino consumers and businesses. Focus these efforts primarily on network television due to its superior reach and impact, followed by the print media.

- Develop an effective message strategy that sums up the fact that the DREAM Act is a win-win situation – good for the children and good for the U.S. economy. The advertising community does this everyday for the many products and services that consumers buy, and the strategy can also be effective in balancing the hostility promoted by programs like Lou Dobbs Tonight.
- Public protests can also be very effective in conveying a visual message to the American public that Hispanics have a massive presence in the U.S. and are not sitting idly while their quality of life is being negotiated in Congress. The imagery captured recently of 500,000 Latinos demonstrating in downtown Los Angeles and 500,000 in Dallas stunned everyone that was watching, and shattered the commonly held stereotype of the passive Latino immigrant. Such large-scale demonstrations provided concrete evidence that Latinos can be mobilized to address issues that impact their quality of life.
- Nonetheless, critics of the potential political clout of U.S. Latinos are quick to point out that such political clout is diminished significantly by the lower voter registration and turnout levels of Latinos in past elections. Although their political clout may indeed be limited, their economic clout is not. Latinos have yet to realize the tremendous economic clout that they could leverage through businesses that profit from their consumer dollars – businesses that often have strong relationships with key politicians. Through selective buying practices, Latino economic clout could also create significant pressure on selected cities or states with unfriendly immigrant policies by re-directing conventions, travel and tourism to other geographic areas, and discouraging the purchase of products for sponsors who advertise on controversial talk shows that create hostility towards immigrants.

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