

# **A Profile of Immigrants in Arkansas Executive Summary**


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Stephen J. Appold, Derrek L. Croney, Donald J. Hernandez, Michael Fix



**WINTHROP ROCKEFELLER FOUNDATION**

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## **Executive Summary**



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Calculations on the economic impact of immigrants come from the Kenan Institute of Private Enterprise, University of North Carolina at Chapel Hill.

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## CONTENTS

ACKNOWLEDGMENTS	v
DEMOGRAPHICS OF THE ARKANSAS FOREIGN-BORN POPULATION	1
IMMIGRANTS IN THE ARKANSAS LABOR FORCE	2
IMMIGRANT FAMILIES AND CHILDREN	3
ECONOMIC AND FISCAL IMPACTS OF ARKANSAS IMMIGRANTS	4
ABOUT THE AUTHORS	9

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## A PROFILE OF IMMIGRANTS IN ARKANSAS

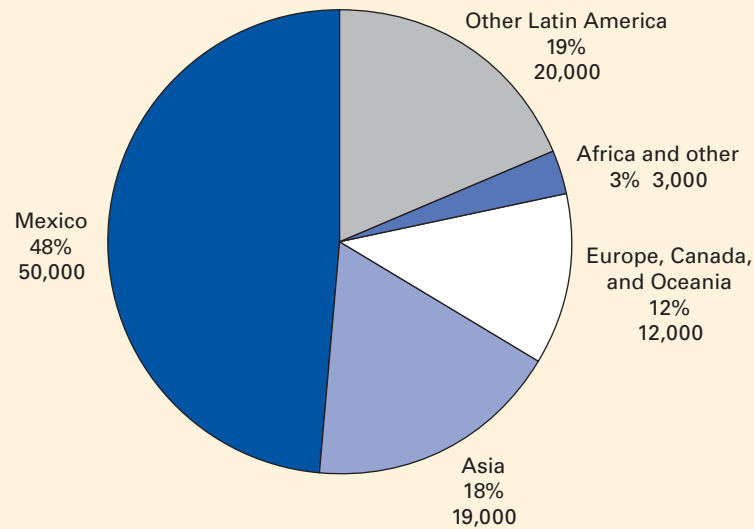
Arkansas, like much of the southeastern United States, is experiencing economic expansion alongside a wave of record-high immigration. Only a small fraction of the nation's nearly 36 million immigrants—about 100,000—live in Arkansas, and immigrants represent just 4 percent of the state's total population. However, the population of immigrants in Arkansas is growing much faster than the national average, as is the case for many neighboring states.

This summary report and two companion volumes were commissioned by the Winthrop Rockefeller Foundation to fully discuss key demographic trends, economic factors, and public-policy issues associated with immigrants in Arkansas. The first volume, "Immigrant Workers, Families, and Their Children," provides a demographic overview of the state's foreign-born population, explores the composition of the immigrant labor force, and describes trends in the state's population of children in immigrant families. The second volume, "Impacts on the Arkansas Economy," describes immigrants' purchasing power, tax contributions, fiscal costs, and indirect economic impacts through spin-off jobs. This report highlights the findings from those two volumes.

### Demographics of the Arkansas Foreign-Born Population

- **Arkansas had the fourth-fastest-growing immigrant population nationwide between 1990 and 2000: 196 percent.** The state's immigrant population nearly tripled from 25,000 to 74,000 during the 1990s. Between 2000 and 2005, Arkansas was tied for fourth in its foreign-born growth rate (37 percent). The southeastern states of North Carolina, Georgia, Tennessee, Kentucky, South Carolina, and Alabama were also among the 10 states with the fastest growing immigrant populations during at least one of these periods.
- **Arkansas had the fastest growing Hispanic population nationwide between 2000 and 2005 (48 percent).**
- **Following the pattern for other southeastern new-growth states, Arkansas has a greater share of recently arrived Mexican and other Latin American immigrants than is the case nationally.** The state's foreign-born population is heavily Hispanic: Mexico and other Latin American countries accounted for two-thirds of the state's immigrants in 2005, compared with about half nationally
- **While the majority of Arkansas immigrants are from Latin America, one-third hail from other destinations, including Europe and Asia.** In 2005, 18 percent of Arkansas' foreign-born population came from Asia; 12 percent came from Europe, Canada, or Oceania; and 3 percent came from Africa and other countries (figure 1).

**Figure 1. Region of Origin for Arkansas Immigrants, 2005**



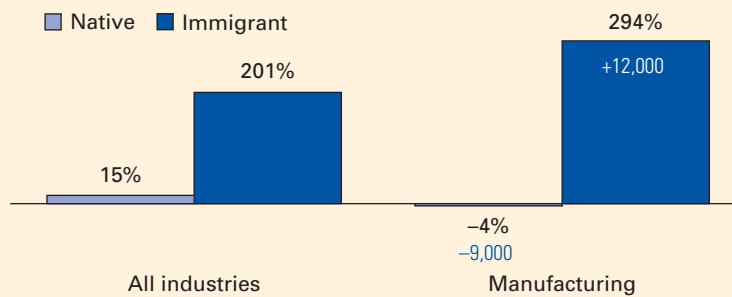
Source: Urban Institute analysis of 2005 American Community Survey, 1 percent PUMS.

- **About half of Arkansas immigrants are undocumented; most come to the state for work.** Like other southern states with large shares of Mexican immigrants, Arkansas has many undocumented immigrants. In 2004–05, 51 percent of Arkansas immigrants were undocumented, compared with 29 percent nationally. In 2000, the employment rate for undocumented men (81 percent) was higher than that for legal immigrant, naturalized citizen, or U.S.-born men.
- **The highest foreign-born population shares can be found along the western edge of Arkansas, with the largest communities in Springdale, Rogers, Fayetteville, and Fort Smith.** The Little Rock metropolitan area also has a substantial immigrant population. In 2005, four counties—Benton, Washington, Sebastian, and Pulaski—included almost two-thirds (63 percent) of the state’s immigrants.

## Immigrants in the Arkansas Labor Force

- **For the most part, the growth of the immigrant population in Arkansas has been a form of labor replacement.** Between 1990 and 2000, the native-born population of Arkansas grew only 12 percent; between 2000 and 2005, it did not grow at all. From 1990 to 2000, the number of native workers in manufacturing in the state fell by 9,000 (4 percent), while the number of immigrants rose by 12,000 (294 percent). Overall, the Arkansas manufacturing sector has been shedding jobs since 1995, but immigrants have slowed down that decline (figure 2).
- **The manufacturing industry employs by far the most Arkansas immigrants.** In 2000, 42 percent of immigrants were employed in manufacturing, with the majority of these (56 percent) working in poultry or other meat processing.
- **Mexican and Central American immigrants are substantially less educated than native-born Arkansas residents, but European and Asian immigrants are better educated than natives.** In 2000, over three-quarters (78 percent) of Mexican immigrants age 25 and over had not graduated from high school, over three times the rate for native-born adults (24 percent). In contrast, other Asians, Europeans, and immigrants from other regions (primarily South America and Africa) are *more* likely than native-born adults to have high school degrees.

**Figure 2. Growth in Number of Workers Age 18 to 64 for Selected Arkansas Industries, 1990–2000**



Source: Urban Institute analysis of Census IPUMS data for 1990 and 2000.

- **The immigrant groups with the least education also earn the lowest wages.** In 1999, median hourly wages for Mexicans and other Central Americans (\$7.50 and \$8.50, respectively) were well beneath the median for natives (\$11.00). All other immigrant groups earned wages as high or higher than those for natives. Asian immigrants (excluding Southeast Asians) had the highest wages of any group: \$14.00 an hour.
- **Poverty fell among Arkansas residents during the economic boom of the 1990s, but it rose somewhat among immigrants.** Between 1989 and 1999, native-born Arkansas residents experienced a considerable reduction in poverty (4 percentage points), with the steepest drop occurring among native-born blacks (11 percent). In contrast, the poverty rate for immigrants rose (by 2 percentage points), as did poverty among Hispanics overall (by 3 percent).

## Immigrant Families and Children

- **The number of children in immigrant families in Arkansas grew 276 percent between 1990 and 2000, a rate exceeded by only one other state—North Carolina.** In 2000, almost 6 percent of children in Arkansas were children of immigrants—that is, they had at least one foreign-born parent. Two-thirds (66 percent) of Hispanic children and over three-quarters (79 percent) of Asian children in Arkansas lived in immigrant families, compared with only 1 and 2 percent of white and black children.
- **Children in immigrant families are more likely than those in native-born families to live with two parents.** In 2000, the shares of children in Arkansas living in two-parent families were 85 to 89 percent for children of immigrants (with some variation by parental origin), 81 percent for whites in native-born families, 58 percent for Hispanics, and 45 percent for blacks.
- **Children of immigrants are as likely as natives to live in working families.** Among children living with their fathers, over 90 percent of children of immigrants and those of natives had working fathers in 2000. The share of children with employed mothers ranged from 68 to 75 percent for children of natives and those in most immigrant families—except for Mexican and Central American families, where the maternal employment rate was lower (56 percent).
- **Arkansas' Hispanic children—those with foreign- or native-born parents—have poverty rates over twice as high as those for non-Hispanic white children but below the rate for black children.** In 2000, children in immigrant families from Mexico or Central America and Hispanic children in native-born families had similar official poverty rates (32–37 percent), below the rate for blacks in native-born families (41 percent). Poverty rates for these three groups of children were higher than for Native American children (23 percent); children in



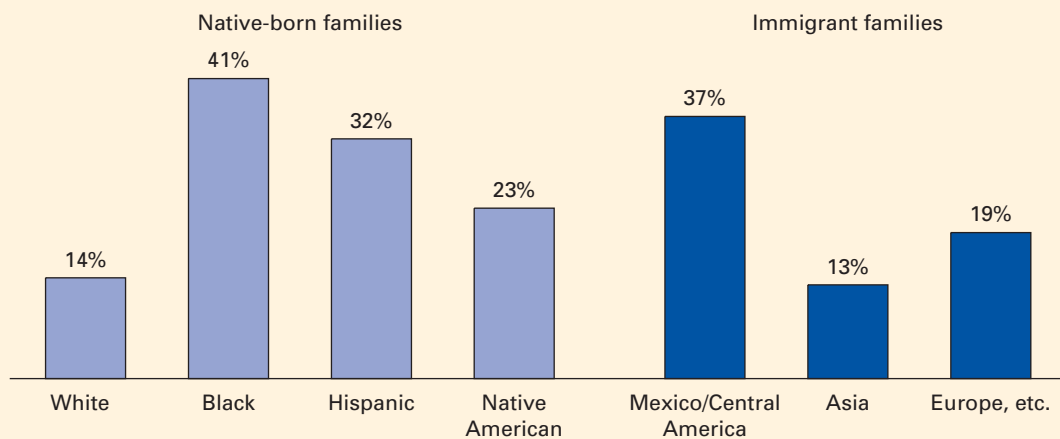
immigrant families from Europe, Canada, and Australia (19 percent); children of Asian immigrants (13 percent); and white children in native-born families (14 percent) (figure 3).

- **When controlling for race and ethnicity, homeownership rates are similar between immigrant and native families.** Children in immigrant families from Europe, Canada, Australia, and Asia were about as likely as white children in native-born families to have parents who owned their homes, with rates ranging from 73 to 80 percent among these groups in 2000. Similarly, children in immigrant families from Mexico and Central America were about as likely as children in Hispanic and black native-born families to have parents who owned their own homes (42–49 percent).
- **Children with parents born in Mexico or Central America are three to six times more likely to live in overcrowded housing—more than two people per bedroom—than children of natives and other children of immigrants.** In 2000, almost one-third (31 percent) of children in Mexican or Central American immigrant families lived in crowded housing, compared with only 4 percent of Hispanic children of natives, 7 percent of Asian children of immigrants, and 5 percent of black children of natives. The crowding rate was just over 1 percent for non-Hispanic white children of natives. Mexican and Central America immigrant households are more likely than other households to include four or more siblings, extended family members, and children or adults who are not related.
- **Limited English proficient (LEP) students—those reported by the schools as having limited English skills—are concentrated in a handful of districts, mostly in northwest and western Arkansas.** In 2004–05, 62 percent of LEP children in kindergarten through 12th grade attended school in just five districts: Springdale, Rogers, Fort Smith, Little Rock and Fayetteville. According to Arkansas Department of Education data, the number of LEP students in Arkansas rose 123 percent between 1999–2000 and 2004–05.

## Economic and Fiscal Impacts of Arkansas Immigrants

- **The total economic impact of immigrants on the Arkansas economy is about \$3 billion.** Arkansas immigrants had an estimated total after-tax income of \$2.7 billion in 2004. Approximately 20 percent of this was sent home to families abroad, saved, or used for interest

**Figure 3. Share of Arkansas Children Living in Official Poverty, 2000**

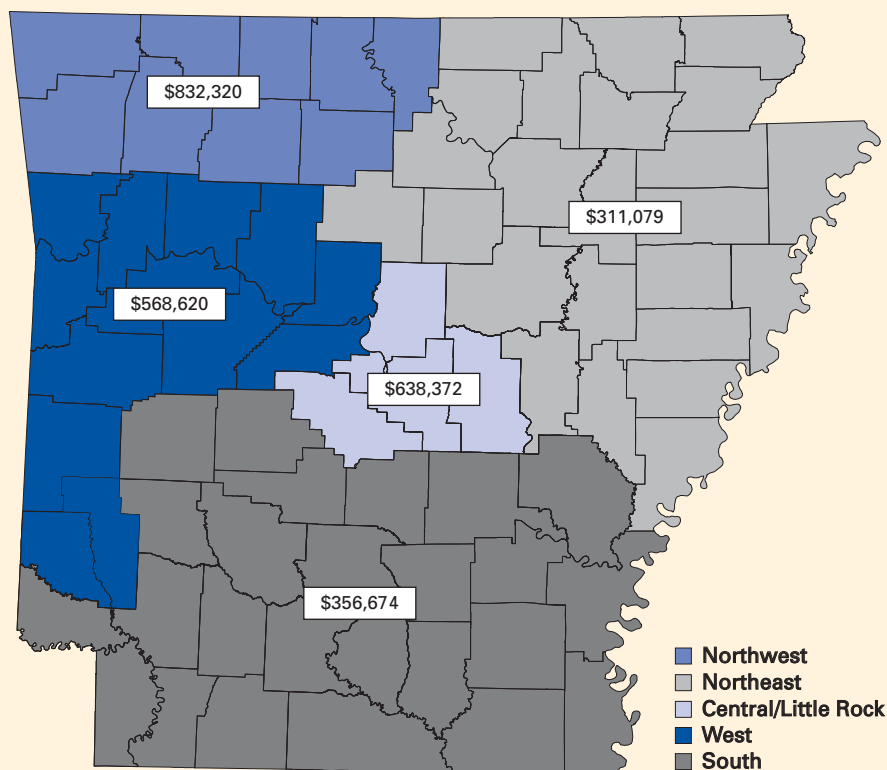


Source: Calculated from Census 2000 5 percent IPUMS by Donald J. Hernandez.  
Note: "Europe, etc." includes Canada, Australia, and New Zealand.

payments. The remaining spending had a total impact on the state of \$2.9 billion, over half of which was concentrated in four counties (Benton, Washington, Sebastian, and Pulaski). Three-quarters of the economic impact occurred in the northwest, west, and central regions of the state (figure 4).

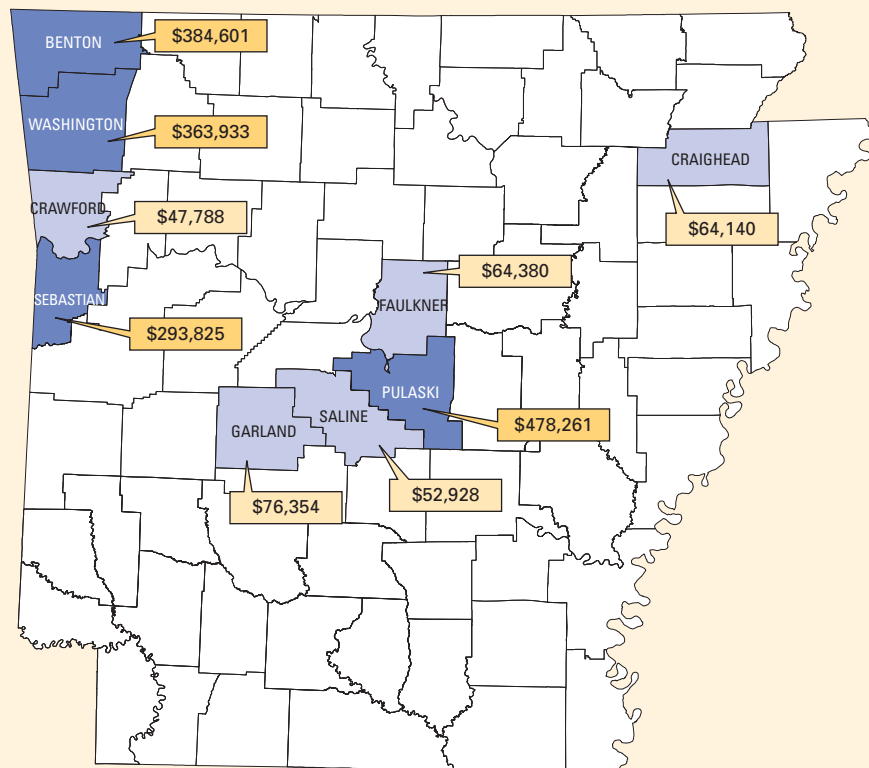
- **Immigrant populations in nine counties (Benton, Craighead, Crawford, Faulkner, Garland, Pulaski, Saline, Sebastian, and Washington) had economic impacts of more than \$45 million in 2004 (figure 5).**
- **Immigrants (and their U.S.-born children) have a small but positive net fiscal impact on the Arkansas state budget.** The large and growing immigrant population was reflected in a fiscal impact on the state budget of \$237 million in 2004 (taking into account the costs of education, health services, and corrections). Those costs were more than balanced by direct and indirect tax contributions of \$257 million, resulting in a net surplus to the state budget of \$19 million—approximately \$158 per immigrant. Though education is calculated as a fiscal cost in this report, expenditures to educate immigrants' children represent an important investment in Arkansas' future workforce that could pay substantial returns to the state through increased worker productivity and economic growth.
- **Along with directly and indirectly generating almost \$3 billion annually in Arkansas business revenues, immigrant workers contribute substantially to the economic output of the state and to the cost-competitiveness of key industries.** For example, without immigrant

**Figure 4. Economic Impact of Immigrants in Arkansas Regions, 2004 (thousands of dollars)**



Source: Kenan Institute of Private Enterprise, 2006.

**Figure 5. Economic Impact of Immigrants in Selected Arkansas Counties, 2004**  
(thousands of dollars)



Source: Kenan Institute of Private Enterprise, 2006.

labor, the output of the state's manufacturing industry would likely be lowered by about \$1.4 billion—or about 8 percent of the industry's \$16.2 billion total contribution to the gross state product in 2004. Conversely, the state's manufacturing wage bill would have been as much as \$95 million higher if the same output were to be maintained without immigrant workers. These labor-cost savings help keep Arkansas' businesses competitive and are passed on in the form of lower prices to Arkansas and other U.S. consumers.

- **Immigrant purchasing power is only partially tapped in many localities.** Immigrants, through their purchasing power, are providing opportunities for local businesses to make more money than would be the case if immigrants were not present, but local businesses are not taking full advantage of this opportunity. In other words, immigrants are spending some of their income outside their local communities because they cannot find the goods and services they need nearby. While the dollar value of immigrants' potential consumer spending is considerably higher in areas with large foreign-born populations, the benefit of immigrants' purchasing power may be even more important in areas with little total population or economic activity—especially in small towns and rural communities with high immigrant population shares.
- **The total impact of immigrant spending may increase to \$5.2 billion (in 2004 constant dollars) by 2010 if current trends continue.** As many as 84,700 spin-off jobs could be generated by this spending, contributing \$303 million to Arkansas's state and local taxes. At the same time, if the experience of other states is any guide, family reunification and family for-

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mation may begin to increase the costs of immigration by changing the population composition to include a higher proportion of children.

- **We expect this impact to increasingly diffuse throughout much of the state, although the four counties with the largest immigrant populations—Benton, Washington, Sebastian, and Pulaski—will likely continue to benefit the most from immigrant labor and spending.**

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## ABOUT THE AUTHORS

**Stephen J. Appold** is visiting scholar and senior research associate at the Frank Hawkins Kenan Institute of Private Enterprise at the University of North Carolina at Chapel Hill. Dr. Appold is an urban sociologist specializing in what could be called “new industrial places.” His research examines the role of entrepreneurship, firm decisionmaking processes, and political interventions in the growth of clusters of high-technology firms; the relationship between demography and employment; and the effect of immigration on the economic well-being of natives. He has a Ph.D. from the University of North Carolina at Chapel Hill and has taught at Carnegie Mellon University and the National University of Singapore.

**Randy Capps**, a demographer with substantial expertise in immigrant populations, is a senior research associate at the Urban Institute in Washington, D.C., and has analyzed data on immigrants from a wide variety of sources at the national, state, and local levels. Dr. Capps recently published a landmark study on the health and well-being of young children in U.S. immigrant families as well as a report on the characteristics of immigrants’ children in U.S. public schools. His recent work at the state and local levels includes a study of tax payments by immigrants in the Washington, D.C., metropolitan area; an assessment of immigrants’ health care access in Connecticut; an analysis of the involvement of children of immigrants in the Texas child welfare system; and a study of immigrant integration in Louisville, Kentucky. These and other studies have been widely quoted in national, state, and local media. Dr. Capps has a Ph.D. in sociology from the University of Texas.

**Michael E. Fix** is vice president and director of studies at the Migration Policy Institute (MPI) in Washington, D.C. MPI is the nation’s only stand-alone independent think tank on national and international migration issues. Before joining MPI in January 2005, Mr. Fix was director of immigration studies at the Urban Institute in Washington, D.C. Mr. Fix’s research has focused on immigration and immigrant integration policy, race and the measurement of discrimination, federalism, and regulatory reform. Mr. Fix is a research fellow with IZA (Bonn, Germany) and is a member of the advisory panel to the Foundation for Child Development’s Young Scholars Program. He recently served on the Committee on the Redesign of U.S. Naturalization Test of the National Academy of Sciences and on the Immigration Task Force of the Chicago Council on Foreign Relations. Mr. Fix is a graduate of Princeton University and the University of Virginia Law School.

**Everett Henderson** is a research associate at the Urban Institute with substantial research experience on immigrant populations and the U.S. labor market. Mr. Henderson is coauthor of “Civic Contributions: Taxes Paid by Immigrants in the Washington, D.C., Metropolitan Area” (The Urban Institute, 2006). He also cowrote profiles of the foreign-born populations of Connecticut in 2005 and the Louisville metropolitan area in 2006. He is currently assessing the impact of the 2002 Farm Bill on immigrant use of food stamps and analyzing the effect of the 1996 welfare reform law on public benefit program participation by legal immigrants. Henderson is currently using several longitudinal data sets to study determinants of entry into science and engineering careers among the native-born, in order to better understand why the science and technology sectors of the U.S. econ-



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omy have increasingly become dependent on high-skilled foreign-born workers. He has an M.S. in public policy from Carnegie Mellon University.

**Donald J. Hernandez** is professor of sociology at The University at Albany, SUNY. Dr. Hernandez wrote *America's Children: Resources from Family, Government, and the Economy*, the first national research documenting the timing, magnitude, and reasons for revolutionary changes experienced by children since the Great Depression in family composition and parent's education, work, income, and poverty. He recently directed a National Academy of Sciences and Institute of Medicine study on the health and adjustment of immigrant children and families. His current research involves producing 200 indicators of child well-being from Census 2000 and using the Foundation for Child Development's Index of Child Well-Being to explore child outcomes by race/ethnicity and immigrant origins. Dr. Hernandez obtained his Ph.D. from the University of California, Berkeley.

**James H. Johnson, Jr.** is the William Rand Kenan, Jr. Distinguished Professor of entrepreneurship for the Frank Hawkins Kenan Institute of Private Enterprise at the University of North Carolina at Chapel Hill. Selected by *Fast Company* magazine as one of the "17 brightest thinkers and doers in the new world of work" (September 2000), Dr. Johnson's current research and consulting activities focus on the workforce and workplace implications of post-1990 demographic changes in the United States and on how to create highly competitive and sustainable business enterprises and communities in an era of economic uncertainty and global insecurity. His research on these and related topics has been widely cited in numerous national media outlets. Before joining the University of North Carolina faculty, he was a professor at the University of California, Los Angeles. Dr. Johnson holds degrees from North Carolina Central University (B.S., 1975), the University of Wisconsin–Madison (M.S., 1977), and Michigan State University (Ph.D., 1980).

**John D. Kasarda** is the Kenan Distinguished Professor of management and director of the Frank Hawkins Kenan Institute of Private Enterprise at the University of North Carolina at Chapel Hill. Dr. Kasarda has published 9 books and more than 100 scholarly articles on economic development and business issues. He is frequently quoted in the national and international media. He served as a consultant to the Carter, Reagan, Bush, and Clinton administrations and has testified numerous times before U.S. congressional committees on urban and economic development. Dr. Kasarda has been elected as a fellow of the American Association for the Advancement of Science for his research on demographics and job creation and as a senior fellow of the Urban Land Institute. He also currently directs the Kauffman Foundation–supported initiative to foster entrepreneurship across the UNC campus. Dr. Kasarda received his B.S. and M.B.A. from Cornell University and his Ph.D. from the University of North Carolina at Chapel Hill.

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