

A Profile of Immigrants in Arkansas Executive Summary


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WINTHROP ROCKEFELLER FOUNDATION

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THE WINTHROP ROCKEFELLER FOUNDATION

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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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A PROFILE OF IMMIGRANTS IN ARKANSAS

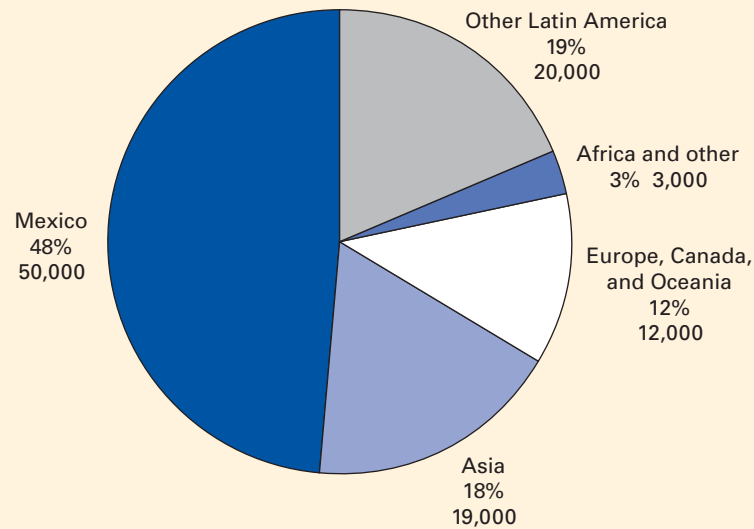
Arkansas, like much of the southeastern United States, is experiencing economic expansion alongside a wave of record-high immigration. Only a small fraction of the nation's nearly 36 million immigrants—about 100,000—live in Arkansas, and immigrants represent just 4 percent of the state's total population. 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



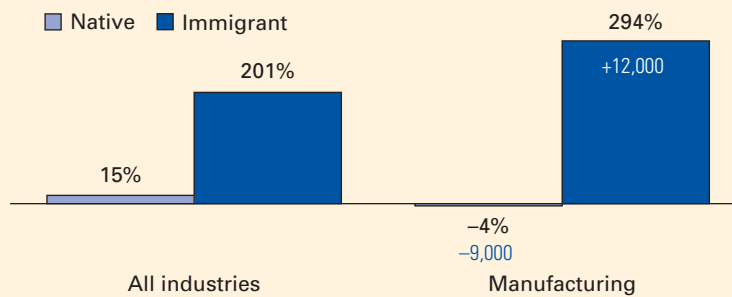
Source: Urban Institute analysis of 2005 American Community Survey, 1 percent PUMS.

- **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

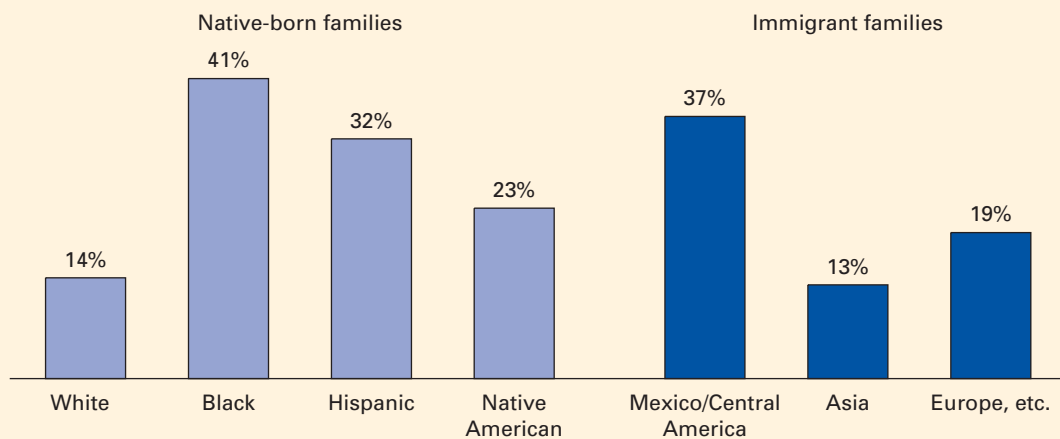
immigrant families from Europe, Canada, and Australia (19 percent); children of Asian immigrants (13 percent); and white children in native-born families (14 percent) (figure 3).

- **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

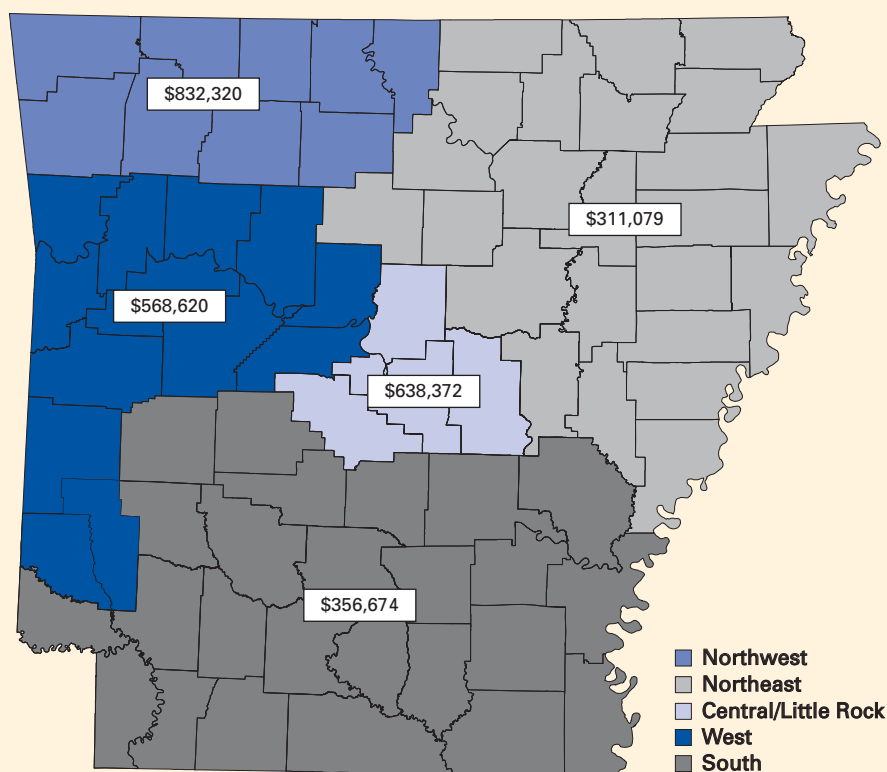


Source: Calculated from Census 2000 5 percent IPUMS by Donald J. Hernandez.
 Note: "Europe, etc." includes Canada, Australia, and New Zealand.

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).

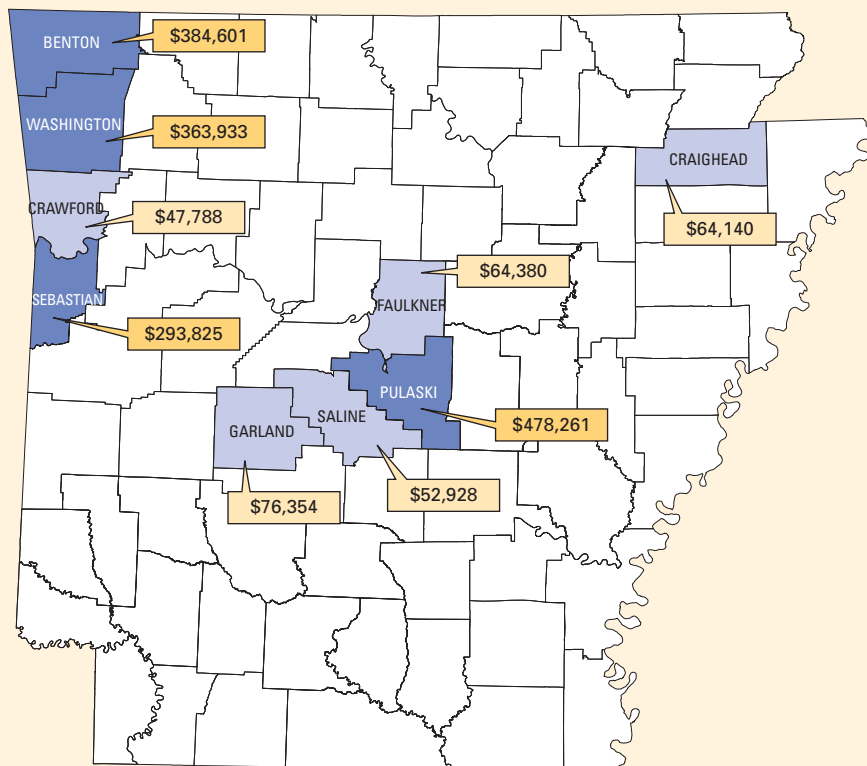
- **Immigrant populations in nine counties (Benton, Craighead, Crawford, Faulkner, Garland, Pulaski, Saline, Sebastian, and Washington) had economic impacts of more than \$45 million in 2004 (figure 5).**
- **Immigrants (and their U.S.-born children) have a small but positive net fiscal impact on the 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-

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.**

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.

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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-

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.

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SUMMARY

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 volume is the first in a study commissioned by the Winthrop Rockefeller Foundation to fully discuss key demographic and economic factors associated with immigrants in Arkansas. This volume concentrates on the demographic characteristics of immigrants and their families, along with their contributions to the workforce and their impacts on public schools in the state. The second volume, "Impacts on the Arkansas Economy," describes immigrants' purchasing power, tax contributions, fiscal costs, and indirect economic impacts through spin-off jobs. A separate executive summary provides highlights from the two reports. Following are the highlights from this first volume:

- **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). 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 is located between the Midwest and the Southeast, two regions with explosive recent growth in immigrant populations.
- **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, nearly 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.
- **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.

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- **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.** Immigrants exceeded 6 percent of the total population—twice the statewide average in 2000—in seven counties: Benton, Carroll, Hempstead, Sebastian, Sevier, Washington, and Yell. Little Rock and Hot Springs also had substantial immigrant communities, and some rural counties had foreign-born shares above the state average (3 percent).
 - **In 2005, four counties—Benton, Washington, Sebastian, and Pulaski—included almost two-thirds (63 percent) of the state’s immigrants.**
 - **The immigrant population has grown much more rapidly than the native-born population, and immigrant workers are replacing natives across the economy, especially in manufacturing.** Between 1990 and 2000, the native-born population of Arkansas grew by only 12 percent; between 2000 and 2005, it did not grow at all. Foreign-born population growth rates were 196 and 37 percent, respectively, during these two periods. From 1990 to 2000, the number of native manufacturing workers statewide fell by 9,000 (4 percent), while the number of immigrant manufacturing workers rose by 12,000 (294 percent).
 - **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 (by 3 percent).
 - **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 older had not graduated from high school, over three times the rate for native-born adults (24 percent). Relatively high shares of Central American immigrants (61 percent) and Southeast Asian immigrants (34 percent) also lacked high school degrees.
 In contrast, other Asians, Europeans, and immigrants from other areas (primarily South America and Africa) are *more* likely than native-born adults to have high school degrees. Further, over half of Asian immigrants except Southeast Asians (52 percent) had four-year college degrees in 2000, compared with just 17 percent of natives. About one-quarter (24 percent) of Southeast Asian and European immigrants had college educations, as did over one-third (35 percent) of immigrants from other regions.
 - **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 of natives. Asian immigrants (excluding Southeast Asians) had the highest wages of any group: \$14 an hour. Immigrants with college degrees earned \$16.50 an hour on average, twice the wage for immigrants without high school degrees (\$8.00). In addition, immigrant and native-born workers earned similar wages at each level of educational attainment analyzed.
 - **The manufacturing industry employs by far the most Arkansas immigrants.** In 2000, 42 percent of immigrants were employed in manufacturing, with the majority (56 percent) working in poultry or other meat processing. Between 1990 and 2000, Arkansas’ native-born manufacturing workforce decreased 4 percent (by approximately 9,000 workers), while the immigrant workforce quadrupled (grew by about 12,000 workers).

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- **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. U.S. citizen children accounted for 76 percent of children in immigrant families from Mexico and Central America and for 85 percent of those from Asia; the vast majority of these citizen children were born in the United States.
 - **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, 73 percent for Native Americans, 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 only exception was black children, 84 percent of which had employed fathers. The share of children with employed mothers ranged from 68 to 75 percent for children of natives and those in most immigrant families—except Mexican and Central American families, where the maternal employment rate was lower (56 percent). However, 24 percent of children with Mexican or Central American parents had an adult worker other than a parent in the home. This proportion is much higher than the proportions for other immigrant and native-born groups, which ranged from 7 to 19 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). “Basic budget” poverty rates—which take into account cost of living and other factors—were higher for all children and above 40 percent for children with parents born in Mexico and Central America as well as black and Hispanic children of natives.
 - **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 immi-

grants, 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. The northwestern counties of Washington and Benton (which contain the Fayetteville, Rogers, and Springdale school districts) had the highest shares of LEP students: 16 and 13 percent, respectively. Three smaller counties—Carroll, Hempstead, and Yell—had LEP student shares between 12 and 13 percent, triple the statewide average (4 percent). LEP student shares were lowest (under 1 percent) in northeast and most of southern Arkansas. According to Arkansas Department of Education data, the number of LEP students in the state rose 123 percent between 1999–2000 and 2004–05.

INTRODUCTION

Arkansas, like much of the southeastern United States, is experiencing economic expansion alongside record-high immigration. During the 1990s, more than 14 million immigrants entered the United States; by 2005, almost 36 million immigrants were living in the country. Only a small fraction of the nation's immigrants—about 100,000—live in Arkansas, representing just 4 percent of the state's total population. But the immigrant population in Arkansas is growing much faster than the national average, as is the case for many neighboring states.

Purpose and Organization of This Volume

This volume is the first in a study commissioned by the Winthrop Rockefeller Foundation to fully discuss key demographic and economic factors associated with immigrants in Arkansas. This volume concentrates on the demographic characteristics of immigrants and their families, along with their contributions to the workforce and impacts on public schools in the state. The second volume, "Impacts on the Arkansas Economy," describes immigrants' purchasing power, tax contributions, fiscal costs, and indirect economic impacts through spin-off jobs. A separate executive summary provides highlights from the two reports.

To start, this volume puts Arkansas in the context of other southeastern states with rapidly growing foreign-born populations. Next, it discusses the demographics of various immigrant groups and differences among immigrants in various geographic regions of the state. That section focuses mostly on the largest population of immigrants in the state—those of Mexican and Central American origin—but it also provides details on other immigrant populations, including Asians and Europeans. Then the focus shifts to immigrants in the Arkansas labor force, along with their wages and industries of employment. Following is a section describing the children of immigrants and their characteristics and needs. After that, the volume discusses the impact of immigrants' children on Arkansas' public elementary and secondary schools, as well as early education programs. The volume closes with some conclusions about the critical role of immigrants in the labor force and opportunities for their integration.

Foreign-Born Population Growing Rapidly across the Southeast

The United States is in a period of record immigration, with about 15 million immigrants entering the country during the 1990s and 15 million more projected to come during this decade. As a result of rapid immigration, the foreign-born population of the country exceeded 35 million in 2005.¹

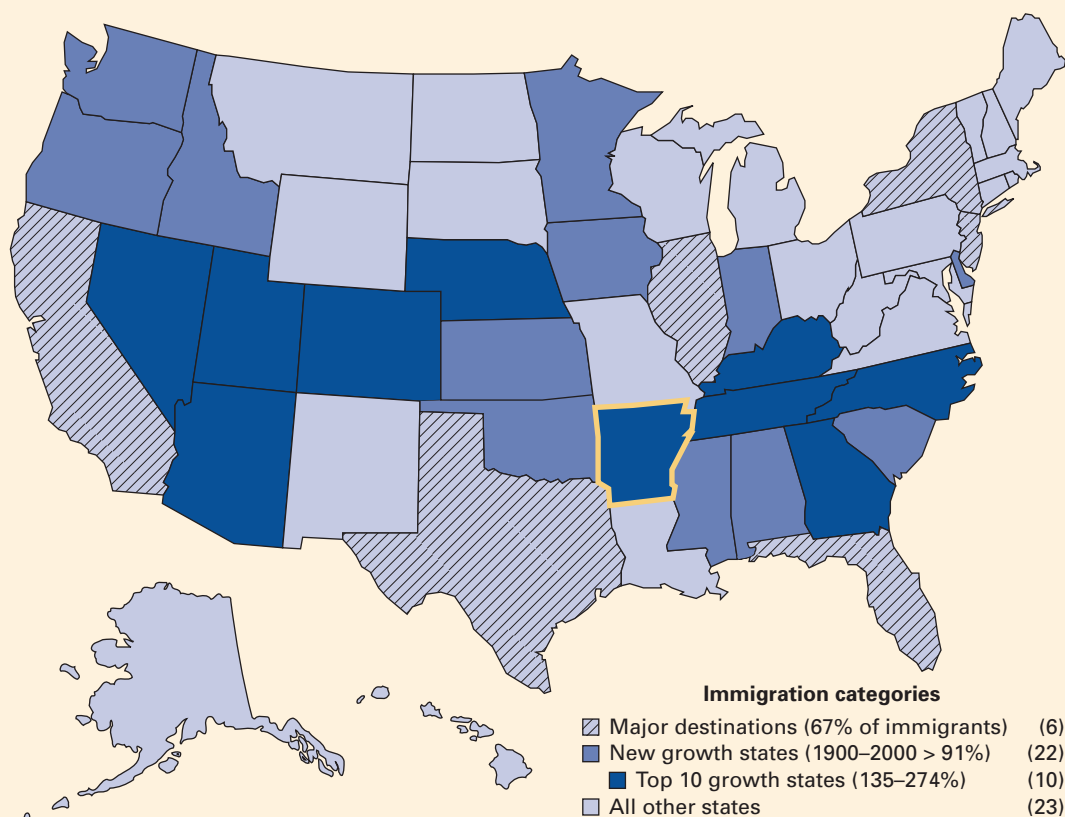
Although U.S. immigrants remain heavily concentrated—two-thirds live in the six most populous states,² mostly in major urban areas—the number of immigrants grew more rapidly during

the 1990s in 22 “new growth” states across the West, Midwest, and Southeast (figure 1). Between 1990 and 2000, these 22 states saw their foreign-born populations increase at rates exceeding 91 percent, the growth rate for Texas (the fastest growing of the major-destination states). Arkansas had the fourth-fastest growth rate of any state: 196 percent. The state’s immigrant population nearly *tripled* from 25,000 to 74,000 during the 1990s. The southeastern states of North Carolina, Georgia, Tennessee, and Kentucky were also among the 10 states with the fastest growing immigrant populations.

Arkansas’ immigrant population continued to grow rapidly through the first half of the current decade. Between 2000 and 2005, Arkansas was tied for fourth place, along with Georgia and Alabama, in its foreign-born growth rate (37 percent). Additionally, Arkansas had the fastest growing Hispanic population—both foreign and native-born—of any state between 2000 and 2005 (48 percent).³ Geographically, Arkansas is between the Midwest and the Southeast, two regions with explosive growth in immigrant populations in recent years (Capps, Fix, and Passel 2002).

Four key demographic factors broadly define the immigrant population in Arkansas, as in other new-growth states. First, the immigrant population is relatively recent: 56 percent of the state’s 2005 foreign-born population arrived in 1995 or later, compared with a national average of 40 percent. Second, a higher share of Arkansas’ immigrants comes from Latin America—67 percent—than is the case nationally—49 percent.⁴ Third, a higher share of Arkansas’ immigrants is undocumented (51 percent versus 29 percent nationally), and a lower share is naturalized (23 percent versus 32

Figure 1. New Immigration Growth States



Source: Urban Institute analysis of data from Census 2000 Summary File 3 and 1990 Census Summary Tape File 3.

percent nationally). (Undocumented immigrants are those who entered the United States illegally, overstayed valid visas, or otherwise violated the terms of their admission; naturalized immigrants have gone through the official process—usually involving an oral interview and test—to become citizens. See figure 2.)⁵ The high share of undocumented immigrants and low share of naturalized citizens are both associated with the high share of recent arrivals and Latin Americans among Arkansas’ immigrants.⁶ Fourth, a relatively large share of Arkansas’ immigrants is composed of young adults age 20 to 45 (60 percent versus 54 percent nationally in 2005).

Figure 2. Citizenship and Legal Status Categories Used in This Report

Natives or the **native-born** are individuals born in the United States or its territories (including Puerto Rico), or individuals born in foreign countries to at least one U.S. citizen parent.

Immigrants or the **foreign-born** are individuals born outside the United States and its territories who do not have at least one U.S. citizen parent.

Immigrant Categories

Legal (or lawful) permanent residents (LPRs). These individuals are foreign-born residents who have been legally admitted to live permanently in the United States through qualifying for immigrant visas abroad or adjustment to permanent resident status in the United States. LPRs are issued documentation commonly referred to as green cards. Almost all LPRs are sponsored (i.e., brought to the United States) by close family members or employers and are eligible to naturalize three to five years after receiving a green card.

Refugees and asylees. These individuals are foreign-born people granted legal status in the United States due to a “well-founded fear” of persecution in their home countries. Refugee status is granted before entry to the United States. Asylees must meet the same criteria regarding fear of persecution. Unlike refugees, asylees usually arrive in the country without authorization (or overstay a valid visa), later claim asylum, and are granted their legal status while in the United States. After one year, refugees and asylees are generally eligible for permanent residency. Almost all “adjust” their status and become LPRs, although they retain certain rights—for instance eligibility for major federal benefit programs—by virtue of their designation as refugees or asylees.

Nonimmigrants (temporary residents). These individuals are foreign-born residents who have been admitted to the United States temporarily or indefinitely but have not attained permanent residency. Most are people who have entered the country temporarily for work, as students, or because of political disruption or natural disasters in their home countries. Some seek to stay permanently or indefinitely and have a “pending” status that allows them to remain in the country and, often, to work but does not carry the same rights as legal permanent residency.

Undocumented immigrants. These individuals are foreign-born people who do not possess a valid visa or other immigration document (because they entered the United States clandestinely or “without inspection,” stayed longer than their temporary visas permitted, or otherwise violated the terms under which they were admitted). Some eventually adjust their status and attain legal residency after a sponsorship petition has been filed by a relative, spouse, or employer.

Naturalized citizens. LPRs may become U.S. citizens through naturalization. Typically, LPRs must be in the United States for five or more years to qualify for naturalization, although immigrants who marry citizens can qualify in three years, and some small categories qualify even sooner. LPRs must take a citizenship test—in English—and pass background checks before qualifying to naturalize.

A note on Marshall Islanders. A treaty with the newly independent Marshall Islands allows the Marshallese to travel to and stay in the United States for extended periods without visas or other immigration documents; thus, the Marshallese may be considered quasi citizens because they have many of the same rights and privileges as U.S. citizens, although they cannot vote.

Low-Wage Immigrant Workers Participate in Arkansas' Economic Expansion

The four demographic factors described earlier are closely associated with the primary economic factor driving migration to Arkansas and other new-growth states: low-wage work. Nationally, by 2002, immigrants accounted for one in nine U.S. residents but one in seven U.S. workers and one in five low-wage workers (Capps, Fix, Passel, Ost, et al. 2003).⁷ In Arkansas, as in other new-growth states, immigrants are heavily clustered in several low-wage industries: manufacturing, agriculture, construction, and retail trade. Immigrants in new-growth states are more likely to work in manufacturing, agriculture, and construction than are immigrants in the major-destination states or native-born workers, while immigrants are *less likely* to work in higher-paid professional industries (Bump, Lowell, and Pettersen 2005). A large and growing share of workers in these Arkansas industries is young immigrants from Mexico, many of whom lack legal status and a strong formal education.

Regardless of their legal and socioeconomic status, immigrant workers have been a key factor in the economic expansion taking place in many southeastern states since 1990. In fact, the U.S. economic expansion since the early 1990s has been led by three regions: the Southeast, the Rocky Mountains, and the Midwest—all of which have rapidly growing immigrant populations. In these areas, income and employment growth exceeded the national average in virtually every industry (Kohhar, Suro, and Tafoya 2005). In six southeastern states with rapidly growing immigrant populations—Alabama, Arkansas, Georgia, North Carolina, South Carolina, and Tennessee—the unemployment rate mostly hovered below the national average between 1990 and 2004. During this period, the unemployment rate in the Fayetteville-Springdale-Rogers metropolitan area—the part of Arkansas with the most immigrants—ranged from 2 to 4 percent, about half the national average of 4 to 8 percent. Relatively low unemployment and strong economic growth were also characteristic of other southeastern cities with rapidly growing immigrant populations such as Atlanta, Memphis, Raleigh-Durham, and Charlotte.

Strong economic growth in Fayetteville, Rogers, Springdale, and other Arkansas communities is the major force attracting record numbers of immigrants to the state. The vast majority of immigrant households include workers because of the high labor-force participation of immigrant men, as explored later in this report. Most immigrants other than refugees are ineligible for public assistance, so most immigrant families—even the poorest—are almost entirely dependent on work for income.⁸ Although many immigrants work in low-wage jobs in the United States, their wages are several times higher than wages they would otherwise earn in home countries such as Mexico (Bean, Baker, and Capps 2001). For instance, per capita income in the United States in 2004 was four times as high as income in Mexico (\$40,000 versus \$10,000; see Population Reference Bureau 2005).

Immigrant Workers Will Offset Aging of the Arkansas Labor Force

The wave of young immigrant workers in Arkansas will likely grow and become an even more important component of economic growth in the future because of the aging of the state's native-born workforce. During the 1990s, fully half the growth in the U.S. labor force was because of immigration; in other words, without immigrants, the labor force would only have grown by half as much (Sum, Fogg, and Harrington 2002). By 2015 or 2020—just 8 to 13 years—demographers anticipate that *all* the growth in the U.S. labor force will be from immigration and that without immigrants, the labor force would actually begin to shrink.⁹ The National Association of Manufacturers (2003), along with other employer associations, has issued warnings of impending labor shortages in manufacturing, especially among higher-skilled workers, and has suggested more immigrants will be needed to fill these shortages. The U.S. population is aging rapidly, and the largest generation in the nation's

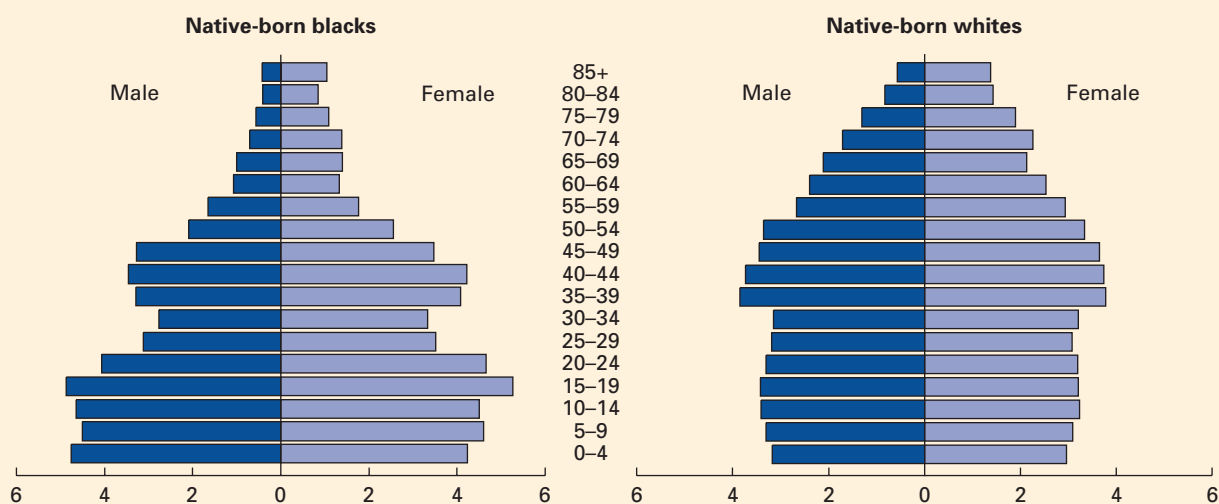
history—the baby boomers—is beginning to retire. As the baby boomers retire, large numbers of new workers will be needed, but birth rates among the U.S. native-born population are too low to adequately replace them. Thus, immigrants will become an increasingly important component of future labor-force growth as the number of retirees accelerates.

The importance of immigrants to future labor-force growth can be seen in the age distributions of immigrants and natives in Arkansas. In 2000, one-third of the native-born white population was at or near retirement age: 17 percent were age 65 or older, and another 16 percent were age 50 to 64 (figure 3). Among the native-born black population, 19 percent were age 50 or older. But the Hispanic immigrant population was much younger: only 9 percent were 50 or older, and the vast majority (70 percent) were 20 to 49 (figure 4). Asian immigrants and, to a lesser extent, immigrants from Europe and other parts of the world are also predominantly of younger working age. As the number of native-born workers retiring increases—especially among the non-Hispanic white population—the younger immigrants already in Arkansas will be filling their ranks in the more tenured workforce. In turn, significant numbers of future immigrants will be needed to fill the jobs for younger workers. Without continuing high levels of immigration, the aging and retirement of the non-Hispanic white labor force would lead to significant employment shortages in Arkansas in the not-too-distant future.

Education and Health Care Are Major Costs of Integrating Immigrants

Along with their recent and future contributions to economic growth, immigrants bring social costs and integration challenges for Arkansas. Because they are disproportionately young, immigrants are at the primary childbearing ages. Thus, in Arkansas, as in other southeastern new-growth states, the number of children of immigrants has been growing rapidly alongside the number of immigrant

Figure 3. Age Distribution of Native-Born Blacks and Whites in Arkansas, 2000 (percent of total population)

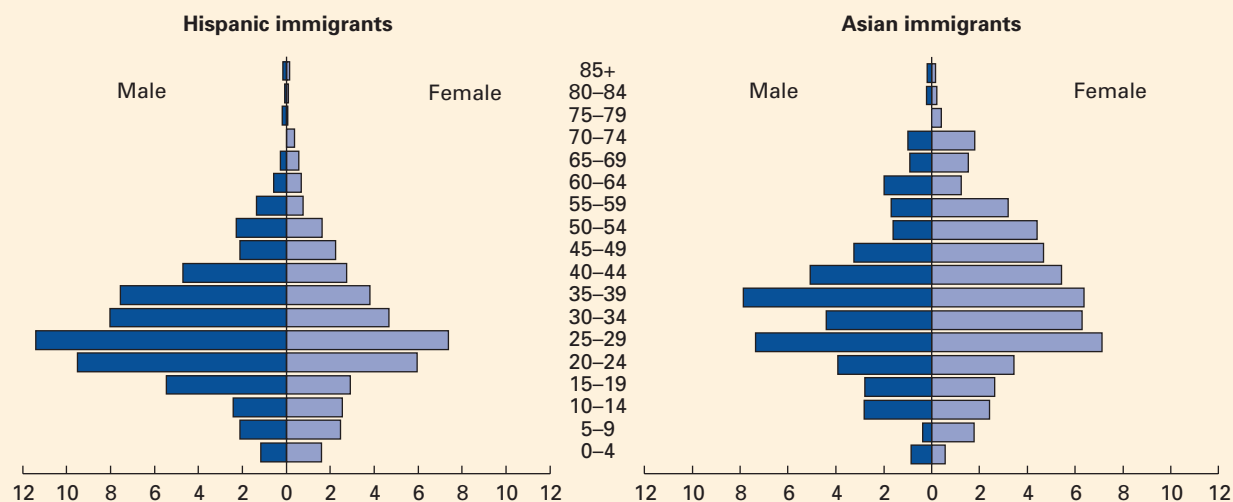


Source: Urban Institute analysis of Census 2000, 5 percent PUMS data.

Note: The template for these population pyramids was borrowed from the Census Bureau.

See <http://www.census.gov/population/www/projections/statepyramid.html>.

Figure 4. Age Distribution of Asian and Hispanic Immigrants in Arkansas, 2000 (percent of total population)



Source: Urban Institute analysis of Census 2000, 5 percent PUMS data.

Note: The template for these population pyramids was borrowed from the Census Bureau.

See <http://www.census.gov/population/www/projections/statepyramid.html>.

workers. Since a majority of immigrants to the state are Hispanic, the growing population of Hispanic children is having the greatest impact, particularly in the public schools. For instance, between 1999–2000 and 2004–05, the number of children who spoke a language other than English at home increased 129 percent in Arkansas public elementary and secondary schools (Arkansas Department of Education 2005). The age distribution of native-born Hispanics—60 percent were under age 20 and 22 percent were under age 5 in 2000—suggests these trends will continue. Clearly, the cost of public elementary and secondary education—as well as pre-kindergarten and other forms of early education—are increasing as immigration to the state increases. These costs of education represent an important investment for the future of Arkansas; children of immigrants will be a critical component of workforce growth during the next two decades.

Health care coverage and provision of health care to uninsured immigrants and their children represent additional significant costs to the state, mostly because the jobs immigrants take do not generally carry health insurance coverage. According to nationally representative data from the Medical Expenditure Panel Survey, in 1998, nonelderly immigrants (under age 65) were twice as likely as nonelderly natives to be uninsured (24 percent versus 10 percent; see Mohanty et al. 2005). Lower employer and other private coverage was the main factor driving uninsurance among the nonelderly: only 58 percent of immigrants had employer-sponsored coverage, compared with 75 percent of natives. As a result of lower employer coverage, many immigrants and their children may depend on Medicaid or other public coverage, if they are eligible. If ineligible, immigrants and their children may resort to hospital care for emergencies, often the most expensive form of care.

Not All Immigrants Are from Latin America or Earn Low Wages

Although the immigrant population in Arkansas is more likely than the U.S. immigrant population to be Latin American, undocumented, and young, there are important exceptions to the overall

demographic pattern. In 2005, 18 percent of Arkansas' immigrants were born in Asia; another 12 percent were born in Europe, Canada, or Oceania; and 3 percent were born in Africa. These immigrants are far less likely to be undocumented than Latin Americans and more likely to be well educated and proficient in English. Immigrants from Europe are older on average. Many of these immigrants—as well as a substantial share of immigrants from Latin America—are well educated and hold higher-skilled, high-paying jobs in such industries as health care and education.

Methods and Data Sources

The data in this report were obtained from multiple national and local sources. The bulk of the data analyzed in the report is taken from the 2000 U.S. Census of Population and Housing (Census), the 5 percent Public Use Microdata Sample (PUMS), and the 5 percent Census Integrated Public Use Microdata Series (IPUMS) to show changes between 1990 and 2000 (see Ruggles et al. 2004). The 2000 Census PUMS is the largest public-use data set with comparable information on populations across the country—down to the state and local levels in most cases—and multiple measures of demographics, labor-force characteristics, income, and poverty. The census also offers sufficient detail and sample size to conduct in-depth comparisons among different groups of immigrants. Where possible, census figures are updated using 2005 data from the American Community Survey (ACS) or the 2005 Current Population Survey (CPS) Annual Social and Economic Supplement (ASEC), conducted in March. Although the ACS and CPS-ASEC lack the sample size and precision of the census, they nevertheless provide a more recent picture of the immigrant community. Additionally, the data are supplemented by figures on the number of language minority and limited English proficient children from the Arkansas Department of Education.

IMMIGRANTS IN ARKANSAS: EDUCATION, EMPLOYMENT, INCOME, AND POVERTY

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. Because so many of Arkansas' immigrants are recent arrivals from Mexico, the state also has a higher share of undocumented immigrants and a lower share of naturalized-citizen immigrants than the rest of the country. Mexicans and Latin Americans are the poorest and least educated immigrants—both nationally and in Arkansas—but they also have high labor-force participation and a high rate of two-parent families.

Demography of Arkansas Immigrants

The population of Arkansas immigrants is growing rapidly, especially immigrants from Mexico and other Latin American countries. Asian immigrants are the second-largest foreign-born group and are also growing quickly. The largest immigrant communities are in the most prosperous parts of the state, especially the northwest. There are also significant concentrations in less prosperous parts of the state, particularly in smaller towns and rural areas. In these small communities, the foreign-born share of the population may be higher than in northwest Arkansas, but the total number of immigrants is lower.

Arkansas' Native-Born and Immigrant Populations Both Grew in the 1990s

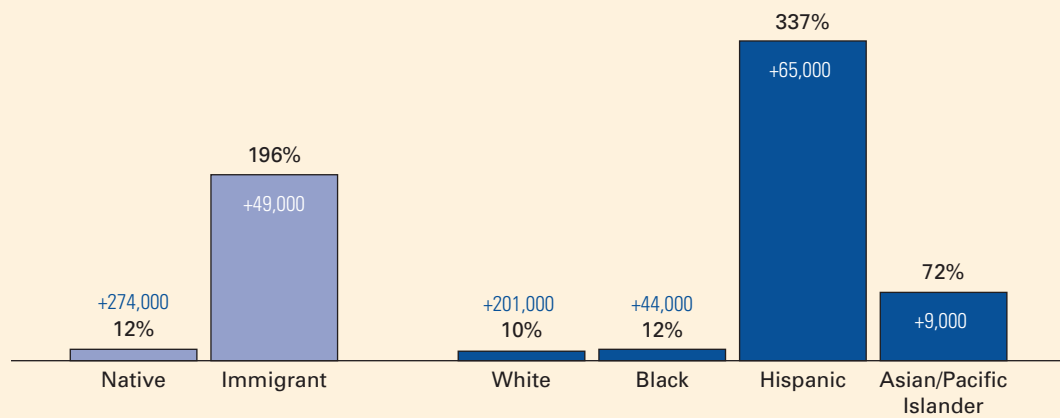
Arkansas experienced strong population growth during the 1990s among both natives and immigrants, but population growth was much faster among immigrants, especially Hispanics. Between 1990 and 2000, the native-born population increased 12 percent, while the immigrant population increased nearly 200 percent (figure 5).¹⁰ This dramatic growth in the state's immigrant population fueled a 337 percent increase in Arkansas' Hispanic population and a 72 percent increase in its Asian and Pacific Islander population.

As a result of this rapid population growth, a considerable share of Arkansas's immigrants is composed of new arrivals. Fifty-six percent of the state's 2005 foreign-born population arrived in 1995 or later, compared with 40 percent for the United States overall.

Latin Americans Are Two-Thirds of Arkansas Immigrants

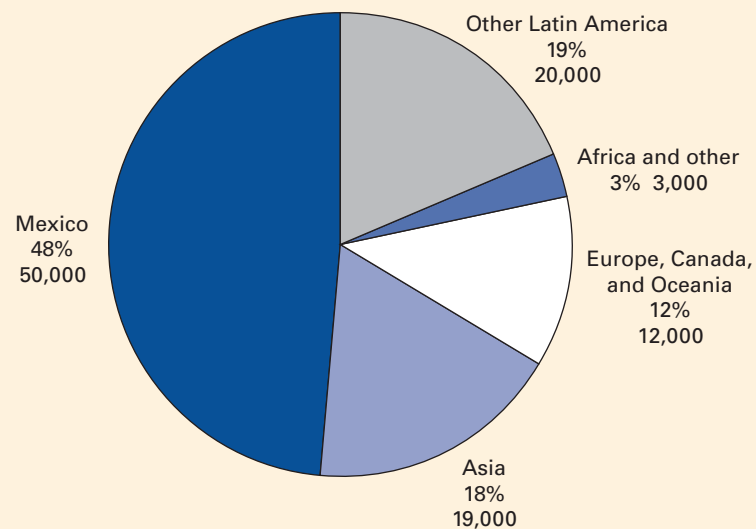
The state's foreign-born population is heavily Hispanic: Mexico and other Latin American countries accounted for two-thirds of the state's immigrants in 2005 (figure 6). Asians also made up a considerable share of the state's immigrant population (18 percent). Europe, Canada, and Oceania

Figure 5. Arkansas Population Growth by Nativity, Race, and Ethnicity, 1990–2000



Source: Urban Institute analysis of data from Census 2000 Summary File 3 and 1990 Census Summary Tape File 3.

Figure 6. Region of Origin for Arkansas Immigrants, 2005



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

(primarily Australia and New Zealand) accounted for a relatively small share (12 percent) of the state's immigrants. Just 3 percent of immigrants came from Africa.

Mexicans are by far the largest immigrant group in Arkansas, composing almost half of the state's foreign-born population in 2005. This is much more than the share for the next nine common countries combined (30 percent). The nine other most common countries, however, are geographically diverse: Europe, North America, and several different regions in Asia are represented (table 1).

Table 1. Top 10 Countries of Birth for Arkansas Immigrants, 2005

	Immigrants (1,000s)	Percent of total
Mexico	50	48.0
El Salvador	7	6.7
Guatemala	6	5.8
Vietnam	5	4.9
Germany	3	3.2
India	3	2.4
Laos	2	2.1
China	2	1.8
Colombia	2	1.7
Canada	2	1.5
All countries	105	100

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

The share of immigrants from Mexico was considerably higher in Arkansas than it was nationally (30 percent) in 2005. Arkansas more closely fits the pattern for southwestern states. For instance, in the neighboring state of Texas—which shares a border with Mexico—Mexicans were 64 percent of immigrants in 2005. Some other southeastern states with large immigrant populations also have Mexican shares above or near the national average, including North Carolina (40 percent) and Georgia (34 percent).

Arkansas also experienced an explosion in the growth of its Hispanic immigrant population during the 1990s. The number of Hispanic immigrants increased 662 percent from 1990 to 2000, growing from about 5,000 to over 40,000 during the decade.

Asians Are the Second-Largest Immigrant Group

Asians are the second-largest ethnic group among Arkansas immigrants. They come from diverse origin countries, many of which account for a substantial share of Arkansas' overall immigrant population. For instance, Vietnam, India, Laos, and China were all among the 10 most frequent countries of origin in 2005. Overall, Asians accounted for 18 percent of Arkansas' immigrant population in 2005.

Arkansas' Asian population experienced significant growth during the 1990s: the number of East Asian immigrants increased 136 percent, Southeast Asians increased 93 percent, and those from the Middle East and South Central Asia increased 73 percent from 1990 to 2000.¹¹ There is great diversity among Asian countries of origin in household income, poverty, educational attainment, English proficiency, and other factors—as discussed later in the report.

Immigrants from Europe, Canada, and Oceania Are the Third-Largest Immigrant Group

Immigrants from Europe, Canada, and Oceania (ECO) accounted for 12 percent of Arkansas' foreign-born population in 2005.¹² The two largest origin countries for ECO immigrants were Germany (27 percent) and Canada (13 percent), which together accounted for 40 percent of Arkansas' ECO immigrants in 2000. The ECO population grew significantly during the 1990s,

increasing 39 percent over the decade. This region-of-origin group is smaller than the Mexican/Latin American immigrant group and the Asians, but it nonetheless possesses some unique characteristics, which will be discussed in detail later in the report.

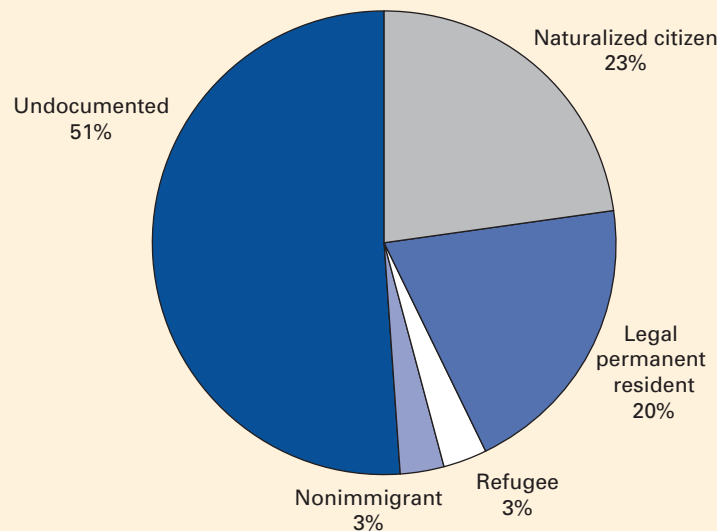
About Half of Arkansas Immigrants Are Undocumented

Like other southern states with large shares of immigrants from Mexico, Arkansas has many immigrants who are undocumented (figure 7).¹³ In 2004–05, 51 percent of Arkansas immigrants were undocumented, compared with 29 percent nationally.¹⁴ Across the United States, there are roughly equal populations of undocumented immigrants and legal permanent residents (LPRs)—legal immigrants who have not yet become citizens. Nationally, the share of naturalized citizens (32 percent) is slightly higher than the share of undocumented immigrants and the share of LPRs.¹⁵ But in Arkansas, LPRs and naturalized citizens composed much lower shares of all immigrants (20 percent and 23 percent, respectively) in 2004–05. Because the share of naturalized citizens is so low in Arkansas, relatively few immigrants are eligible to vote, and immigrants represent a relatively weak political constituency. Immigrants’ political power will likely grow, however, as many settle in Arkansas for longer periods and become U.S. citizens.

Arkansas had very small numbers of refugees (immigrants fleeing persecution and resettled with U.S. government assistance) and nonimmigrants (students and temporary workers): about 3 percent each of the total foreign-born population. Nationally, about 7 percent of immigrants were refugees, and 3 percent were nonimmigrants.¹⁶

The low overall naturalization rate of Arkansas’ foreign-born population obscures the fact that naturalization rates among Arkansas immigrant groups differ substantially. In 2000, 53 percent of Arkansas’ immigrants from Europe, Canada, and Oceania were naturalized citizens; this was by far

Figure 7. Citizenship and Legal Status of Arkansas Immigrants, 2004–05



Source: Urban Institute analysis of data from modified U.S. Current Population Survey, Annual Social and Economic Supplement, March 2004 and March 2005.

the highest naturalization rate of any Arkansas immigrant group. That same year, Asian immigrants had a naturalization rate of 35 percent, a figure substantially lower than the European rate but almost as high as the 2000 national average of 37 percent. On the other hand, only 7 percent of Arkansas' Mexican immigrants and 24 percent of immigrants from other Latin American countries were naturalized in 2000.

Two-Thirds of Immigrants from Mexico in United States Less than 10 Years

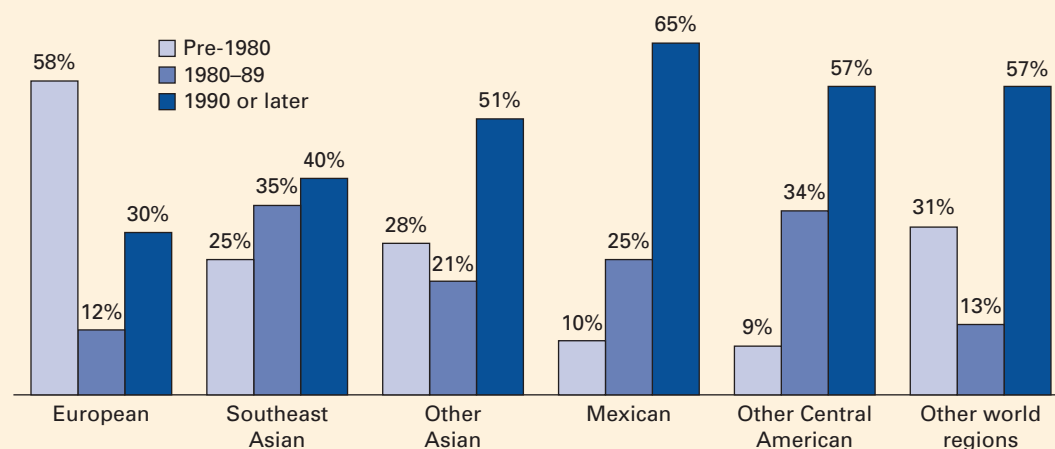
Mexicans have been in the United States the least amount of time of any Arkansas immigrant group, although Central Americans and some Asians are not far behind. In 2000, almost two-thirds (65 percent) of Mexican immigrants had been in the country less than 10 years (figure 8). Over half (57 percent) of other Central American immigrants—from El Salvador, Guatemala, Honduras, Belize, Costa Rica, and Panama—had been in the country less than 10 years.¹⁷ About half (51 percent) of Asians except Southeast Asians arrived during the 1990s.¹⁸

Southeast Asians and Europeans are Arkansas' most established immigrants in terms of U.S. tenure. In 2000, 60 percent of Southeast Asians had lived in the United States more than 10 years; the peak of the refugee wave from Vietnam, Cambodia, and Laos occurred during the 1980s and early 1990s. Europeans are the most established immigrant group: 58 percent arrived in the United States before 1980. Europeans are also the oldest immigrants and the most likely to be naturalized citizens, but they also include refugees from Eastern Europe and the former Soviet Union who immigrated during the 1990s.

Little Rock, Northwest, and Western Arkansas Have the Largest Immigrant Communities

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. Pulaski County (which contains Little Rock) is also a prominent immigrant settlement area, but the share of foreign-born is

Figure 8. Period of U.S. Arrival for Selected Foreign-Born Groups in Arkansas, 2000



Source: Urban Institute analysis of Census 2000, 5 percent PUMS data.

not as high as some northwest counties because Pulaski's total population is so large. In 2005, four counties—Benton, Washington, Sebastian, and Pulaski—included almost two-thirds (63 percent) of the state's immigrants (table 2). By 2005, Benton and Washington counties had foreign-born shares (11 percent) near the national average (12 percent), but foreign-born shares were much lower in the state's eight other largest counties. Benton County saw its immigrant population more than double between 2000 and 2005, while the number of immigrants in Washington and Saline counties grew by over 50 percent.

In 2000, the most recent year for which comprehensive county-level data are available,¹⁹ immigrants exceeded 6 percent of the total population—twice the statewide average—in seven counties: Benton, Carroll, Hempstead, Sebastian, Sevier, Washington, and Yell (figure 9). The foreign-born share in Washington and Benton counties rose to over 10 percent by 2005. There were also substantial immigrant communities in Little Rock and Hot Springs, as well as some rural counties with foreign-born shares above the state average in 2000 (3 percent). Immigrants made up less than 2 percent of the total population in 2000 in most of the rest of the state, including the northeast, central north, and central south.

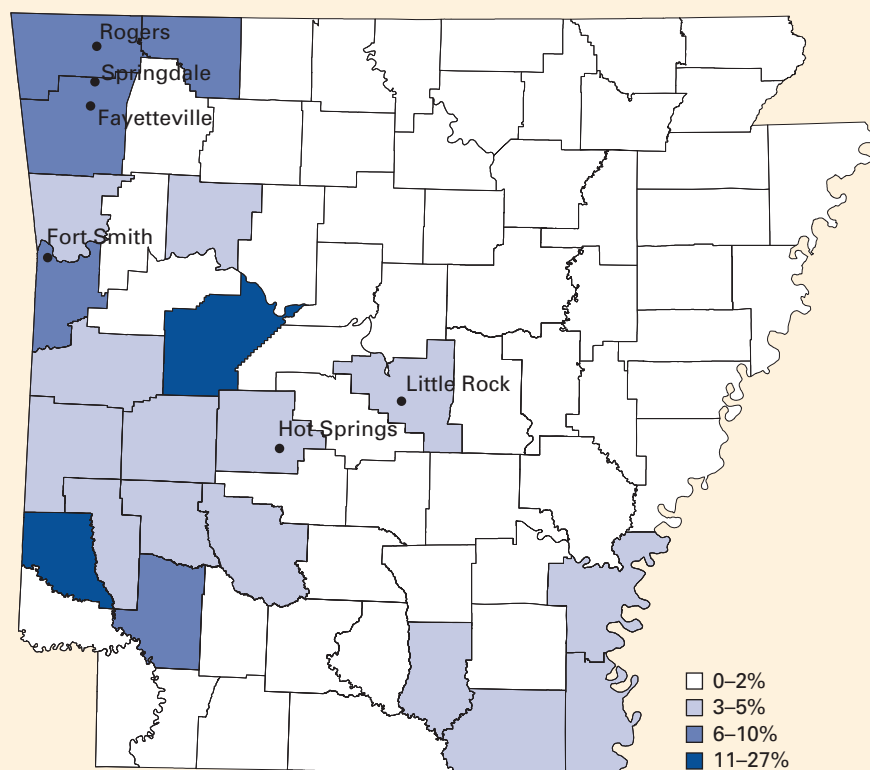
The largest Hispanic immigrant communities are located along the western edge of Arkansas, while other immigrant groups are more highly concentrated elsewhere. In 2000, Mexican and Latin American immigrants made up relatively large shares of the foreign-born population—over half in most counties—in northwest and western Arkansas (figure 10, page 16). European immigrants, a much smaller group, made up large shares of the foreign-born population in central and north central Arkansas (figure 11, page 17). Asians tended to concentrate in central Arkansas, with some high concentration areas in the Fort Smith area and scattered around parts of eastern and north central Arkansas (figure 12, page 18).

Table 2. 2005 Foreign-Born Population and 2000–05 Growth Rates for 10 Largest Counties in Arkansas

County	Total population	Number foreign-born	Percent foreign-born	Percent growth in foreign-born, 2000–05	Percent of state's foreign-born residing in county
Benton	184,692	20,296	11.0%	105.9%	20.1%
Washington	173,713	18,414	10.6%	57.3%	18.2%
Pulaski	358,234	14,635	4.1%	35.1%	14.5%
Sebastian	116,426	10,223	8.8%	29.0%	10.1%
Garland	91,690	2,877	3.1%	24.3%	2.8%
Craighead	84,288	2,152	2.6%	33.1%	2.1%
Saline	89,380	1,719	1.9%	53.6%	1.7%
Faulkner	91,784	1,559	1.7%	9.2%	1.5%
Jefferson	76,258	922	1.2%	-2.9%	0.9%
White	67,705	858	1.3%	-12.7%	0.8%
Entire state	2,701,431	101,169	3.7%	37.3%	-

Source: Urban Institute analysis of 2005 American Community Survey data from American Factfinder.

Figure 9. Foreign-Born Share of Population by County, Arkansas, 2000



Source: Urban Institute analysis of Census 2000 Summary File 3 data.

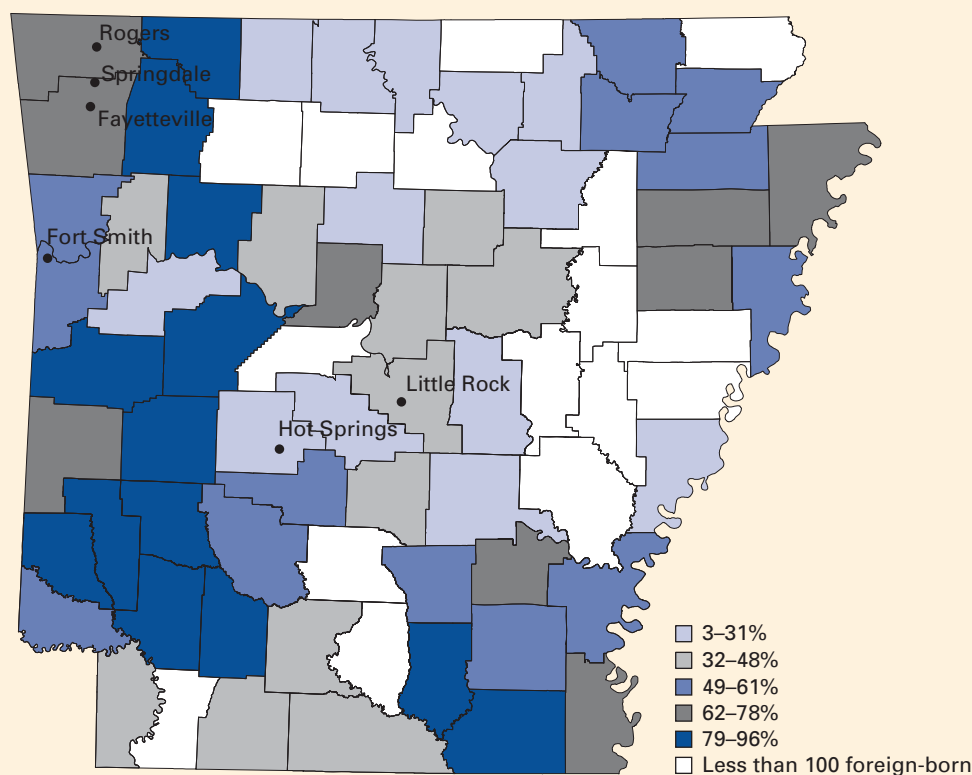
A Sizeable Group of Marshall Islanders Resides in Northwest Arkansas

The Springdale area is home to the nation's largest population of Marshall Islanders. The Marshall Islands are a U.S. territory that was granted independence in 1986. A treaty with the newly independent nation allows the Marshallese to travel to and stay in the United States for extended periods without visas or other immigration documents; they are also eligible for the same range of public benefits and services as U.S. citizens. Marshall Islanders are not, however, full citizens, as they do not have the right to vote in U.S. elections. Thus, the Marshallese may be considered quasi citizens because they have many but not all of the same rights and privileges as U.S. citizens. The exact size of the Marshallese population in Arkansas, however, is difficult to determine using the 2000 Census or the ACS because the population is relatively small, and census data do not consistently define the Marshall Islands as a separate country of origin.²⁰ A special Census Bureau survey was conducted in Springdale in 2001 and estimated the population of Marshall Islanders there at between 2,000 and 6,000.²¹ A recent *Wall Street Journal* article estimated the number of Marshall Islanders in the Springdale area as 4,000.²²

Educational Attainment of Immigrants

The number of immigrants is growing rapidly across all levels of educational attainment, but especially at the lower end—adults without high school educations. The large increase in the number of less-educated immigrants is associated with growth in the state's manufacturing economy, as dis-

Figure 10. Percent of Arkansas Immigrants from Latin America by County, 2000



Source: Urban Institute analysis of Census 2000 Summary File 3 data.

Note: Latin Americans are born in Central America, South America, or the Caribbean.

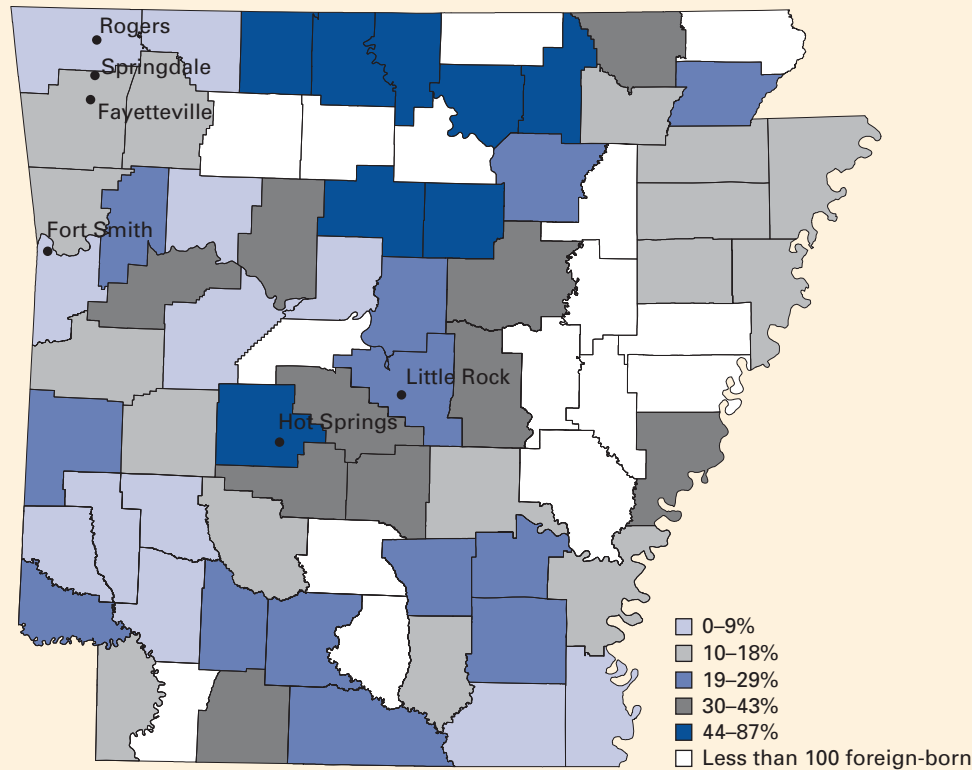
cussed later in the report. There are also substantial numbers of immigrants with four-year college degrees who work in various high-skilled jobs across the state.

Nearly Half of Arkansas Immigrant Adults Lack High School Educations

Arkansas immigrants are much more likely than their native-born counterparts to lack high school educations, but they are equally likely to hold four-year college or higher degrees. In 2000, almost half (48 percent) of Arkansas immigrants age 25 and older had not graduated from high school, compared with about a quarter (24 percent) of Arkansas natives (figure 13, page 18). In fact, over a quarter of Arkansas immigrant adults (27 percent) had not even completed 9th grade. At the other end of the spectrum, similar shares of immigrants and natives had completed at least four years of postsecondary education.

Educational attainment levels for both immigrants and natives are lower in Arkansas than nationally. In 2000, the share of Arkansas' immigrant adults age 25 and older without high school educations was substantially above the national average (38 percent), while the share with four-year college degrees was lower than nationally (24 percent). Native-born adults were also less likely to be college graduates and more likely to be high school dropouts than adults nationally.

Figure 11. Percent of Arkansas Immigrants from Europe by County, 2000



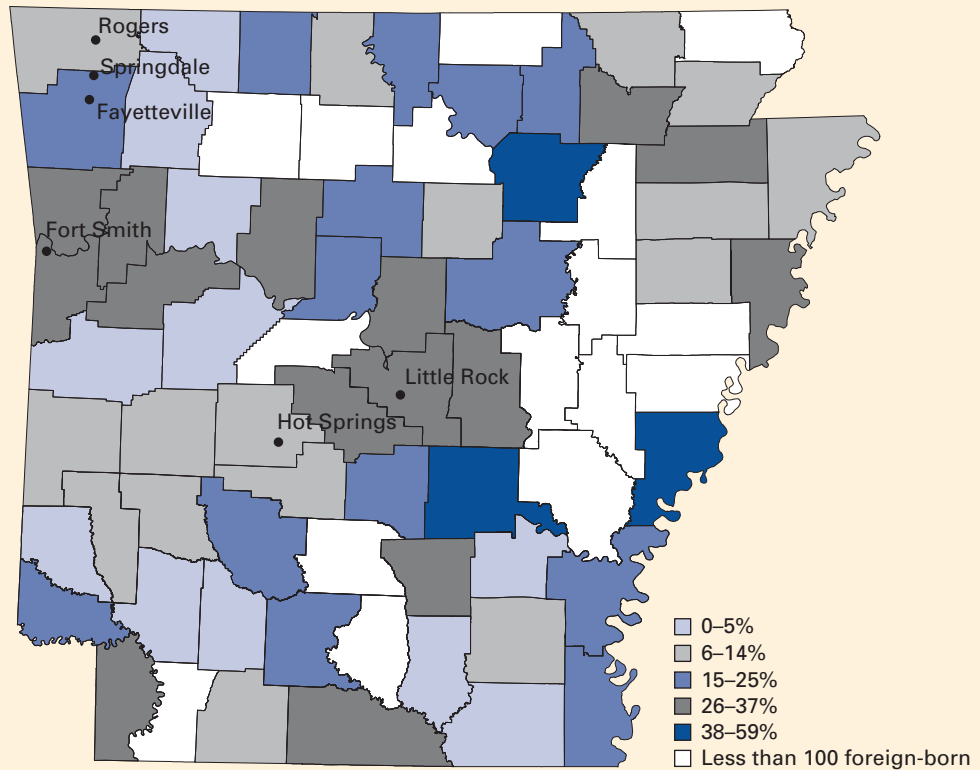
Source: Urban Institute analysis of Census 2000 Summary File 3 data.
Note: European also includes immigrants from Canada and Oceania.

Mexicans Are the Least Educated and Asians the Most Educated Immigrants

Mexican and Central American immigrants have substantially lower educational attainment than native-born Arkansas residents, but European and Asian immigrants are better educated than natives. In 2000, over three-quarters (78 percent) of Mexican immigrant adults age 25 and older had not graduated from high school, over three times the rate for native-born adults (24 percent). Relatively high shares of Central American immigrants (61 percent) and Southeast Asian immigrants (34 percent) also lacked high school degrees (figure 14, page 19). But other Asians, Europeans, and immigrants from other world regions (primarily South America and Africa) were less likely than native-born adults workers to lack high school educations.

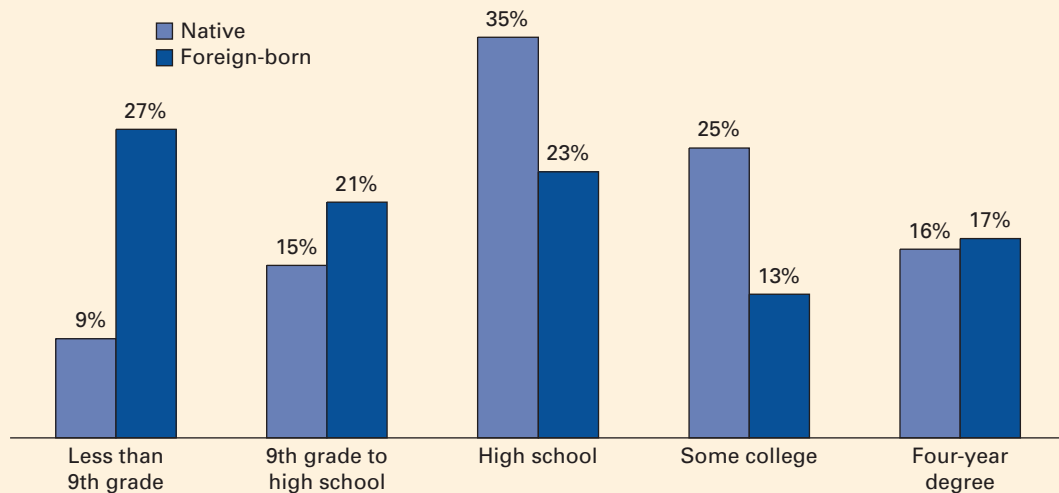
Mexican and Central American workers are also the least likely to have four-year college degrees, but immigrants from all other immigrant groups are more likely than native-born Arkansas residents to be college graduates (figure 15, page 19). Over half of Asian immigrants except Southeast Asians (52 percent) had four-year college degrees, compared with just 17 percent of natives. About one-quarter (24 percent) of Southeast Asian and European immigrants had college educations, as did over one-third (35 percent) of immigrants from other regions. Only 4 percent of Mexicans and 9 percent of other Central Americans were college graduates.

Figure 12. Percent of Arkansas Immigrants from Asia by County, 2000



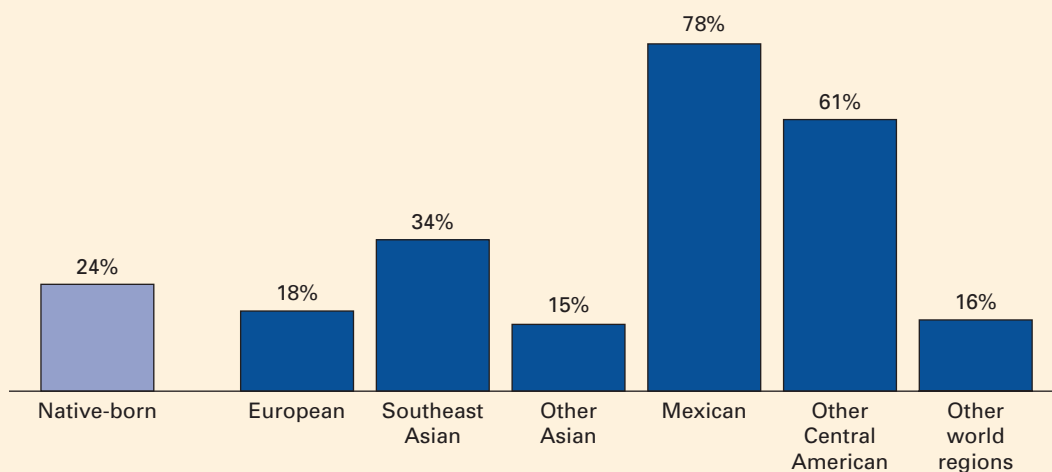
Source: Urban Institute analysis of Census 2000 Summary File 3 data.

Figure 13. Educational Attainment of Arkansas Adults Age 25 and Older, 2000



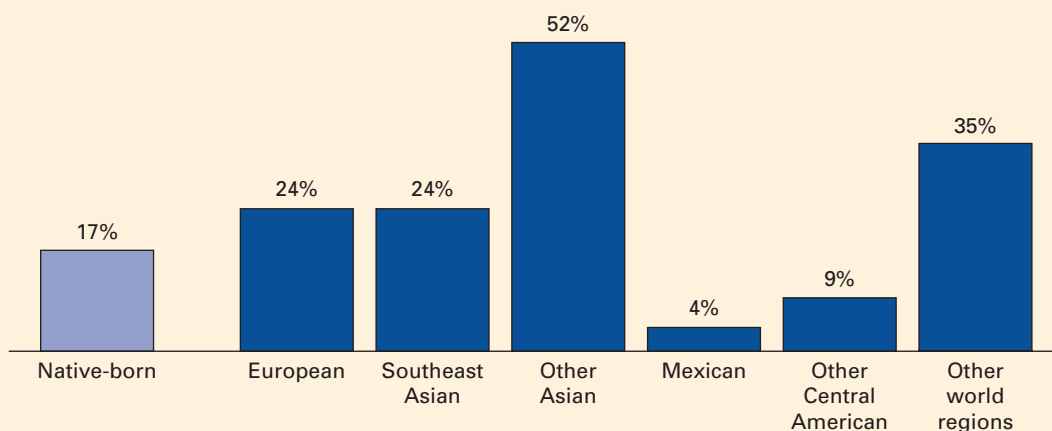
Source: Urban Institute analysis of Census 2000, 5 percent PUMS data.

Figure 14. Share of Arkansas Adults Age 25 and Older without High School Degrees, 2000



Source: Urban Institute analysis of Census 2000, 5 percent PUMS data.

Figure 15. Share of Arkansas Adults Age 25 and Older with Four-Year College Degrees, 2000

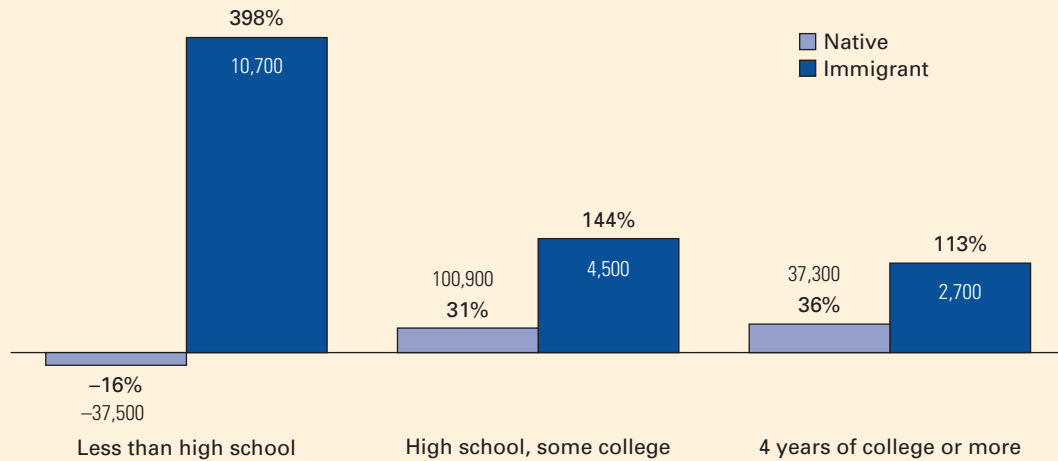


Source: Urban Institute analysis of Census 2000, 5 percent PUMS data.

Population Increase Fastest among Least Educated Immigrants

The population of Arkansas immigrants without high school educations is increasing much more rapidly than the population of better-educated immigrants, while the number of native-born adults without high school degrees is falling (figure 16). Between 1990 and 2000, the number of foreign-born men age 25 and older without high school degrees rose almost 400 percent, while the number of native-born men without high school degrees actually fell 16 percent. But since there were so many more native than foreign-born men in this group, the drop in the number of native-born men without high school educations (37,500) was almost four times as large as the increase in the absolute number of foreign-born men without high school degrees (10,700) during the 1990s.

Figure 16. Growth in Number of Arkansas Men Age 25 and Older, 1990–2000



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

The number of foreign-born men with high school or college educations is also increasing rapidly in Arkansas. The number of immigrant men age 25 and older with bachelor degrees or more increased 113 percent during the 1990s, while the number of immigrant men with high school but not four-year college degrees increased 144 percent. The absolute number of native-born men with high school or college educations, however, increased many times faster the number of comparably educated immigrant men.

The number of immigrant women in Arkansas age 25 and older also grew substantially at all educational levels during the 1990s, but the growth rate was equally high at the top and bottom of the educational distribution. While the number of foreign-born women age 25 and older with less than high school educations tripled, the number with four-year college degrees increased by a comparable rate (207 percent). The number of immigrant women with high school but not four-year college degrees grew more slowly (by 54 percent). The number of *native*-born women with less than high school degrees declined by more than 20 percent during the 1990s.

The steep increases in the number of foreign-born adults at all educational attainments demonstrate immigrants' increasing contributions to both the high- and low-skilled workforces in Arkansas. The most rapid rise in population is occurring among immigrant men without high school educations; however, this increase is more than offset by the larger decline in the number of native-born men without high school degrees. The same pattern holds true for women, suggesting that immigrants will be an increasingly large share and an important component of the state's low-wage and low-skilled labor force for some time to come.

Employment of Immigrants

Most immigrants come to the United States to work, and immigrants in Arkansas are no exception. Despite their relatively low share of the Arkansas labor force, immigrants are growing rapidly in number and will be the key to future labor force growth—especially in the state's large manufacturing industry. Arkansas immigrants have relatively low educational attainment and therefore work pre-

dominantly in lower-skilled sectors of the economy, but immigrants in some industries—for instance, health care—actually have higher skill levels and earn higher wages than natives. The wide range of jobs Arkansas immigrants hold matches their great diversity.

One in Nine Low-Skilled Arkansas Workers Is an Immigrant

Despite the rapid growth of the foreign-born population in Arkansas during the 1990s, immigrants in 2000 still only composed about 3 percent of Arkansas' total adult population and overall workforce (figure 17). Immigrants made up a slightly higher share of low-wage workers—those earning below twice the minimum hourly wage (4 percent)—and a substantial share of less-skilled workers—those with less than a high school education (11 percent). Nationally, foreign-born shares of the total population and of workers are much higher. But foreign-born workers make up a disproportionate share of the low-skilled workforce both nationally and in Arkansas.

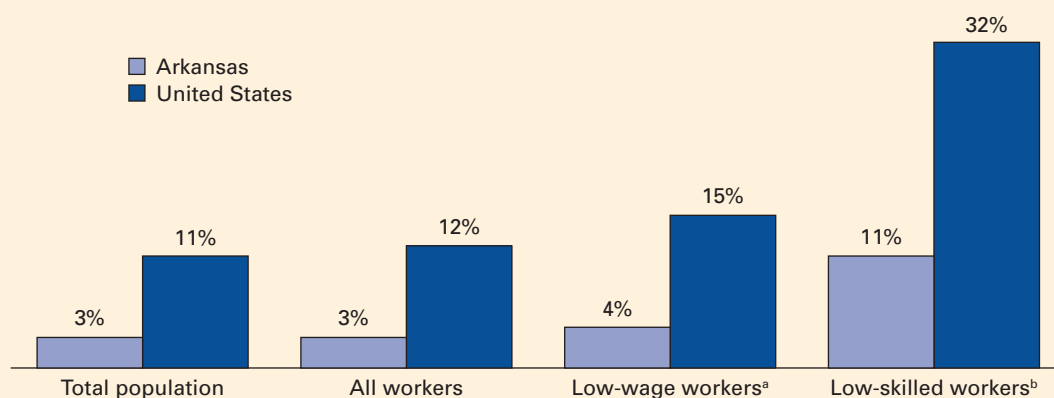
Employment Rate for Immigrant Men Matches Native Men Regardless of Origin

Employment rates for immigrant men show little variation by country or region of birth, but immigrant women born in Mexico and Asia (excluding Southeast Asia) have employment rates substantially below those of native-born women. In 2000, more than three-quarters of able-bodied foreign-born men age 18 to 64 worked, regardless of their country or region of origin; all immigrant groups had employment rates equivalent to or higher than that of native-born men (figure 18).²³ But only 39 percent of Mexican immigrant women and 50 percent of Asian women (except Southeast Asians) worked, compared with 65 percent of native-born women. Foreign-born women from other parts of the world were just as likely or nearly as likely as native-born women to be employed.

Employment Rate Higher for Undocumented Immigrants than Other Men

Whether legal or undocumented, immigrant men are more likely than native-born Arkansas men to be employed. Refugee men had the highest employment rate (86 percent) in 2000 (figure 19), fol-

Figure 17. Foreign-Born Shares of Population and Workforce, 2000



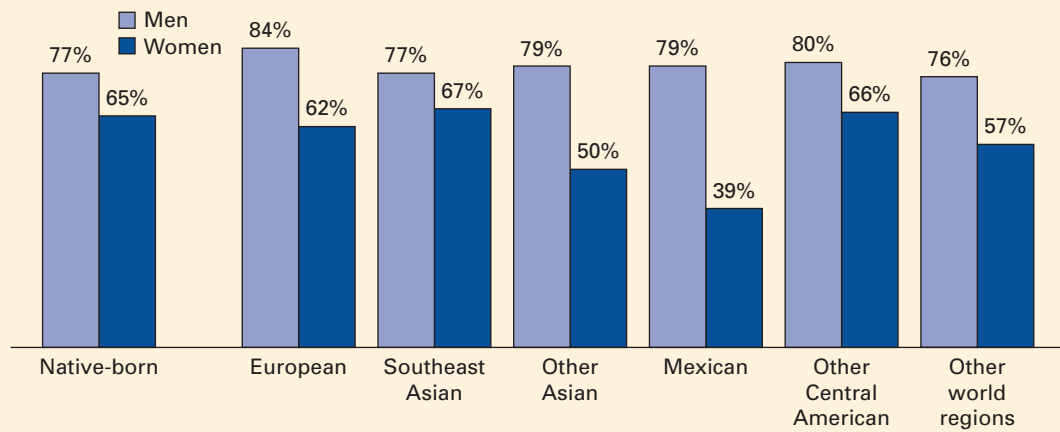
Source: Urban Institute analysis of Census 2000, 5 percent PUMS data.

Note: Workers are all employed adults age 18–64 with nonzero wages.

^a Low-wage workers earned less than twice the minimum wage in 2000.

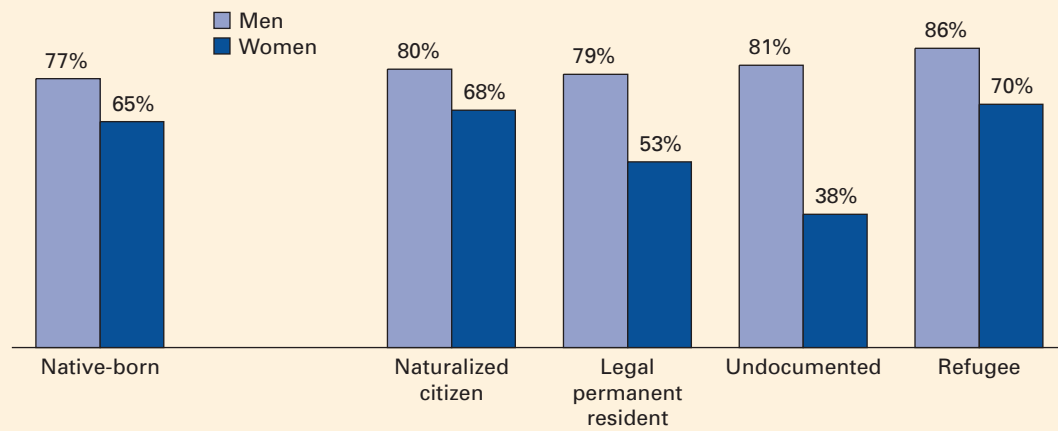
^b Low-skilled workers have less than a high school education.

Figure 18. Employment Rates of Arkansas Able-Bodied Adults Age 18 to 64, by Gender and Place of Birth, 2000



Source: Urban Institute analysis of Census 2000, 5 percent PUMS data.

Figure 19. Employment Rates of Arkansas Able-Bodied Adults Age 18 to 64, by Gender, Citizenship, and Legal Status, 2000



Source: Urban Institute analysis of Census 2000, 5 percent PUMS data.

lowed by undocumented men (81 percent). Both these groups were more likely to be employed than naturalized citizen men (80 percent) or legal permanent resident men (79 percent). Native-born men had the lowest employment rate (77 percent). Undocumented men have higher employment rates than native-born men because they are younger, less likely to be enrolled in school, and less likely to be retired or receiving disability; they are also generally ineligible for unemployment, disability, or welfare benefits.

In contrast to undocumented men, undocumented women are substantially less likely to work than native-born women (38 percent versus 65 percent). Legal permanent resident women also had

a relatively low employment rate in 2000 (53 percent). Refugee women, on the other hand, were more likely to work (at 70 percent) than native-born women. Employment patterns by legal status match those by region of origin, as the least likely to work are undocumented women, mostly from Mexico; those who are most likely to work are refugees, mostly from Southeast Asia.

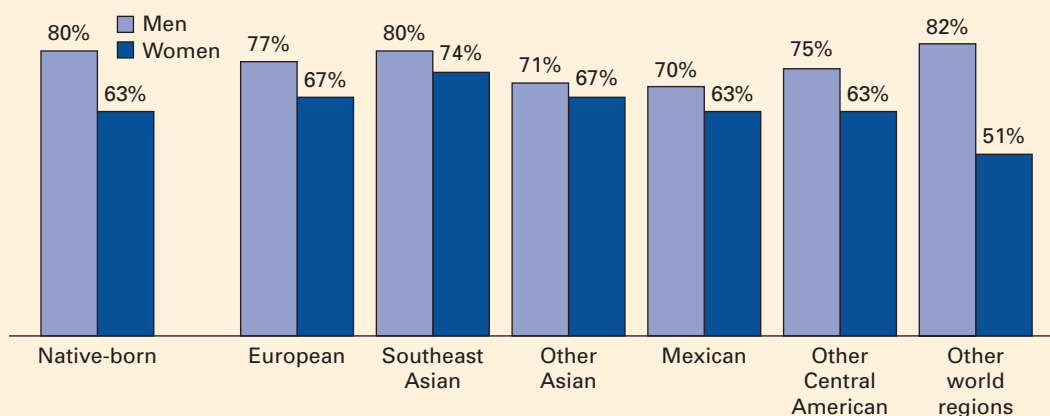
The employment data in the census demonstrate that immigrants primarily come to Arkansas for work, even though work is more common among men than women. Immigrant men are just as likely as native men to work, but immigrant women are more likely to stay at home. Nationally, immigrants are more likely to form two-parent families, and immigrant mothers are more likely than native-born parents to stay at home to provide child care (Capps, Fix, Henderson, et al. 2005). This pattern holds true for all groups of immigrant families in Arkansas except Southeast Asians and refugees, where both parents often work. The higher prevalence of two-parent families alongside high levels of work for men and the provision of child care in the home by women represent important strengths for Arkansas immigrant families—strengths discussed later in the section on children and families.

Immigrant Men Are Less Likely than Native-Born Men to Work Full-Time Year-Round

Despite their relatively high labor-force participation, many immigrant men—especially those from Mexico and some Asian countries—work less than full-time or only for part of the year. In 1999, 70 percent of Mexican-born men and 71 percent of men from Asia except Southeast Asia worked full-time year-round, compared with 80 percent of native-born men (figure 20).²⁴ The rate of full-time work was highest among Southeast Asian men—many of whom are refugees—and among men from other world regions, mostly Africa and South America. Men born in Mexico are doubly disadvantaged in that they earn relatively low wages and work less than full-time or for only part of the year.

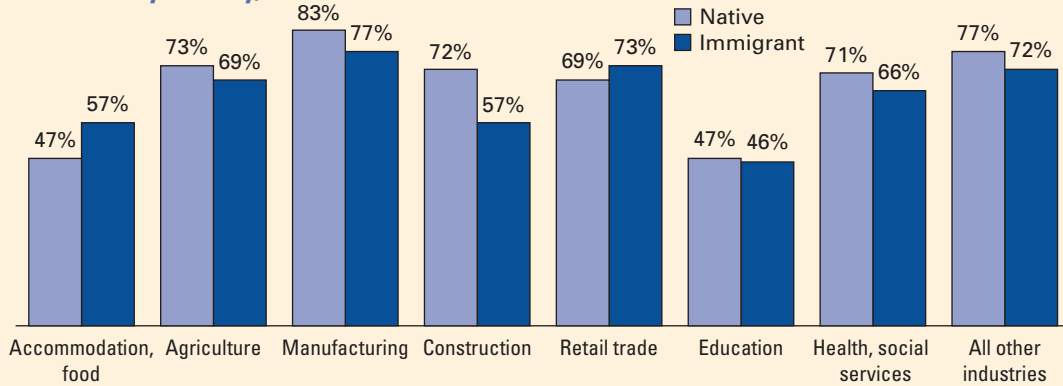
There is less variation in full-time year-round work among women than among men, and the share of women working full-time year-round is as high or higher for all immigrant groups as for natives, except for Africans and South Americans. The rates shown here, however, represent full-time year-round work among women who were actually working. The share of women who worked at all

Figure 20. Full-Time Year-Round Employment Rates of Arkansas Immigrant Workers Age 18 to 64, by Region of Origin, 1999



Source: Urban Institute analysis of Census 2000, 5 percent PUMS data.

Figure 21. Full-Time Year-Round Employment Rates of Arkansas Workers Age 18 to 64, by Industry, 1999



Source: Urban Institute analysis of Census 2000, 5 percent PUMS data.

was much lower among immigrants than natives, especially immigrants from Mexico, Central America, and Asia.

Immigrants in Manufacturing Are Most Likely to Work Full-Time Year-Round

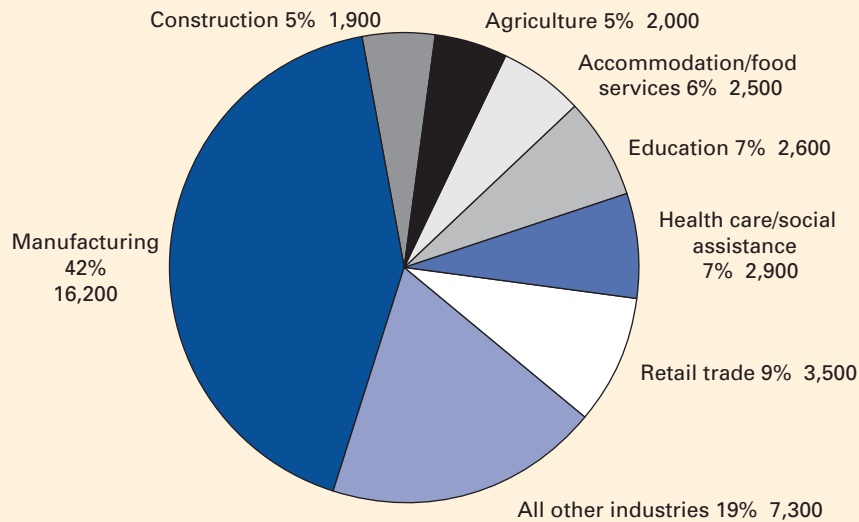
Workers in manufacturing—both immigrants and natives—are the most likely to be employed full-time year-round (figure 21). In 2000, 83 percent of native-born and 77 percent of foreign-born workers in manufacturing held full-time year-round jobs. Full-time year-round employment rates for immigrants were only slightly lower in retail trade (73 percent) and agriculture (69 percent). Thus, manufacturing, retail trade, and agriculture offer stable employment for the vast majority of immigrants who work in these industries.

Shares of full-time year-round workers were lowest for both immigrants and natives in education and accommodation and food—both industries with seasonal employment. Immigrants employed in accommodation and food, however, were more likely to work full-time year-round than natives. The higher share of women working in these industries—among both immigrants and natives—than in industries with higher full-time year-round employment rates may be part of the explanation for why full-time year-round employment is higher among men than women.

Industries Where Immigrants Work

The promise of steady work is one important factor driving immigration to Arkansas, as the most common industry of employment—manufacturing—also has a relatively high year-round employment rate. Manufacturing and the other two most common industries of immigrant employment—agriculture and accommodation and food—have many jobs that do not require high school educations. Thus, immigrants without substantial formal education, such as those from Mexico and Central America, are able to find secure employment in Arkansas. There are more men than women in lower-skilled industries, suggesting that job opportunities are better for less-educated men than women in Arkansas. This factor may explain Latin American immigrant women’s relatively low employment rate.

Figure 22. Industry Distribution of Employed Arkansas Immigrants Age 18 to 64, 2000

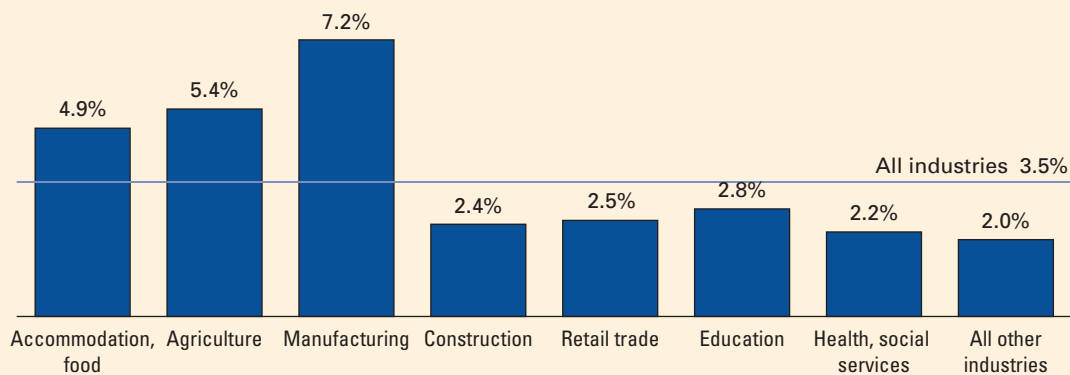


Source: Urban Institute analysis of Census 2000, 5 percent PUMS data.

Manufacturing Employs over 40 Percent of Arkansas Immigrants

Manufacturing is by far the most common industry of employment for Arkansas immigrants.²⁵ In 2000, 42 percent of immigrants were employed in manufacturing, with the majority of these (56 percent) working in poultry or other meat processing (figure 22). Manufacturing employed more than 16,000 immigrants in 2000. Immigrants are drawn to Arkansas—especially northwest Arkansas—because of plentiful job opportunities in manufacturing, particularly the poultry industry.²⁶ The share of immigrants employed in manufacturing was larger than that of the six other most common industries (retail trade, health care and social services, education, accommodation and food services, agriculture,

Figure 23. Share of Foreign-Born Workers Age 18 to 64 in Selected Arkansas Industries, 2000

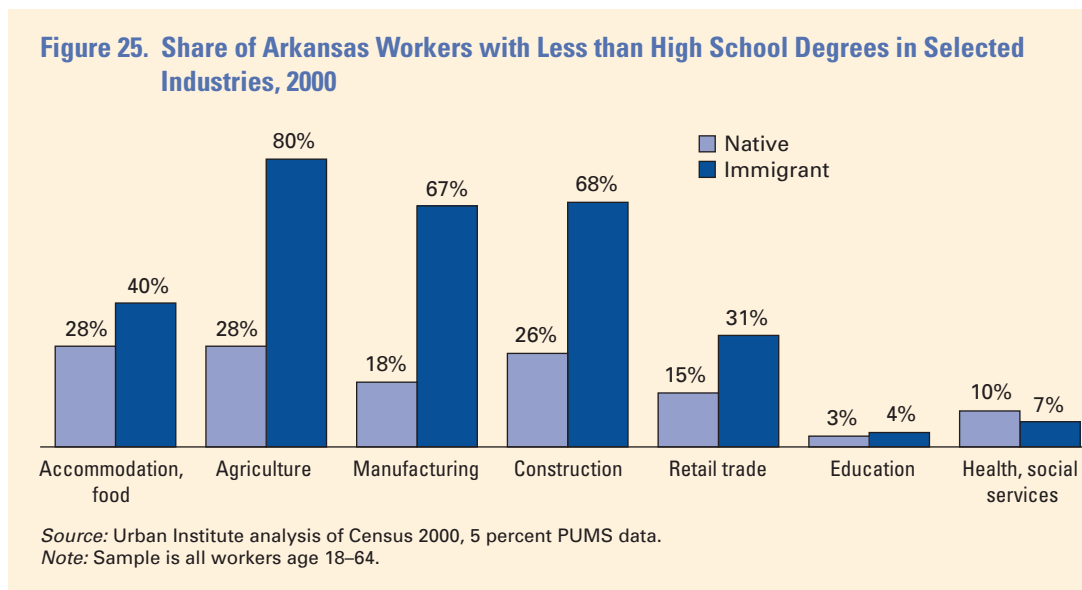
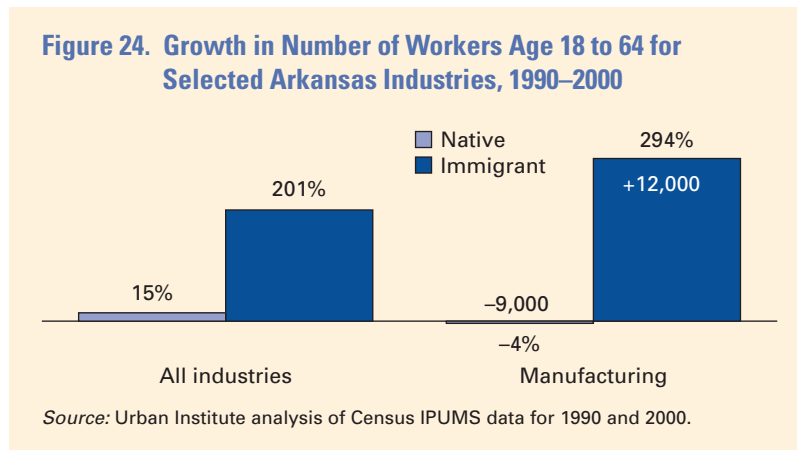


Source: Urban Institute analysis of Census 2000, 5 percent PUMS data.

and construction) combined. These seven most common industries employed the vast majority (about 80 percent) of the state's immigrant workforce in 2000.

Manufacturing was also the sector with the largest share of immigrant workers—about 7 percent—in 2000 (figure 23). Two other major sectors employed a higher share of immigrants than the state average (about 3 percent): agriculture and accommodation and food (about 5 percent each). The share of workers who were immigrants was below 3 percent in all the other common industries of immigrant employment.²⁷

The number of immigrants employed in manufacturing in Arkansas skyrocketed during the 1990s, and the growth in immigrant employment more than offset a large decline in native employment in this sector (figure 24). Overall, the immigrant workforce in Arkansas tripled between 1990 and 2000, while the number of native-born workers grew only 15 percent. In manufacturing, the native-born workforce fell 4 percent (by approximately 9,000 workers), while the immigrant workforce *quadrupled* (by about 12,000 workers). Thus, were it not for the large influx of mostly Mexican-born immigrants, the Arkansas manufacturing sector would have experienced employment contraction during the 1990s.



Over Two-Thirds of Immigrants in Agriculture, Manufacturing, and Construction Did Not Graduate from High School

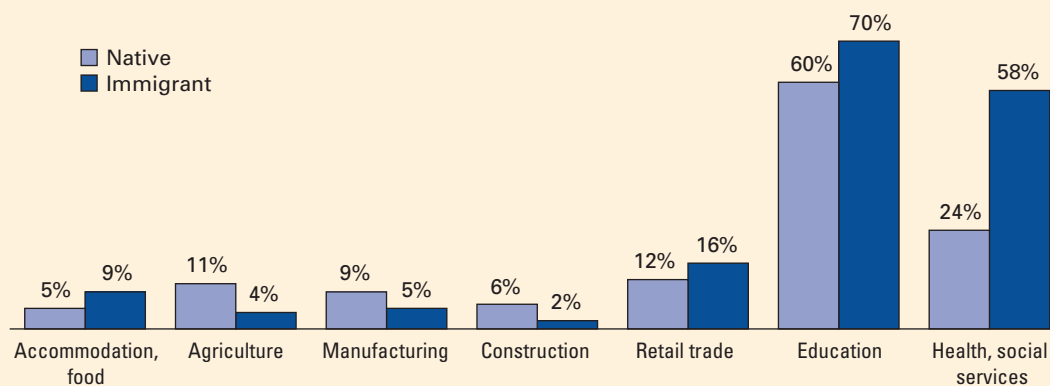
Immigrants are much more likely than natives to lack high school educations across almost all industries, but especially in agriculture, construction, and manufacturing (figure 25). In agriculture, 80 percent of foreign-born workers age 18 to 64 had less than high school degrees, compared with 28 percent of native-born workers in 2000. About 67 percent of immigrant workers in the manufacturing and construction industries lacked high school diplomas, compared with 18 percent of natives in manufacturing and 26 percent of natives in construction. Immigrants were also more likely than native workers to lack high school degrees in the other two most common low-skilled industries: accommodation and food and retail trade. It was only in the two higher-skilled industries analyzed in this report—education and health and social services—that the share of high-school dropouts was comparable between immigrant and native workers.

Over Half of Immigrants in Education and Health and Social Services Have Four-Year College Degrees

At the other end of the spectrum, immigrants employed in education and health and social services are substantially better educated than native-born workers (figure 26). In 2000, 70 percent of foreign-born workers in education and 58 percent of immigrants in health and social services possessed four-year college degrees, compared with 60 percent of natives in education and 24 percent of natives in health and social services. The share of immigrants with a college education was only 16 percent in retail trade and was below 10 percent in all the other common major industries of employment; shares of natives with college degrees were similarly low across these low-skilled industries.

The gap in the rate of college education between natives and immigrants is especially large in health and social services, suggesting that immigrants in this sector work disproportionately in highly skilled occupations including as doctors, registered nurses, and other health professionals. In fact, immigrants are considerably more likely to work in health care practitioners and technical (HPT)

Figure 26. Share of Arkansas Workers with a Four-Year College Degree in Selected Industries, 2000



Source: Urban Institute analysis of Census 2000, 5 percent PUMS data.
Note: Sample is all workers age 18–64.

occupations than natives. In 2000, over half (56 percent) of immigrants employed in health and social services were in this category, compared with one-third (32 percent) of natives. Immigrants were over-represented among the most highly skilled HPT professionals: physicians were 34 percent of foreign-born workers but only 8 percent of native-born workers in these occupations. As the native-born Arkansas population ages—with a great share of the baby boom generation retiring over the next decade—the role of highly educated immigrants in the health professions will become increasingly important.

Most Workers in the Common Immigrant Industries Are Men

Most major sectors of employment for immigrants are male-dominated industries, and the female share of immigrant workers is as low or lower than the female share of native workers in all these industries (figure 27). In 2000, only about one-third of manufacturing workers—both immigrants and natives—were women. Shares of women were even lower for immigrant workers in agriculture (14 percent) and construction (3 percent). Less than half of immigrant workers in retail trade (46 percent) and accommodation and food (43 percent) were women. The only two sectors where women represented a majority of immigrant workers were education (58 percent) and health and social services (67 percent); these are both industries where workers need high levels of formal education and English skills.

The relatively low share of women among immigrant workers in the three most common low-skilled industries—manufacturing, agriculture, and construction—may explain why the labor-force participation of immigrant women is so low, especially among Mexican immigrants, who are the least educated. Job opportunities for immigrant women without much formal education or good English skills appear very limited in Arkansas.

Highest Share of Foreign-Born Workers Is in Northwest Arkansas

The highest shares of immigrants in the workforce—as in the general population—are in northwest and western Arkansas (figure 28).²⁸ In 2000, the immigrant share of the total workforce was 6 percent in the northwest (including Fayetteville, Rogers, and Springdale) and 5 percent in the west

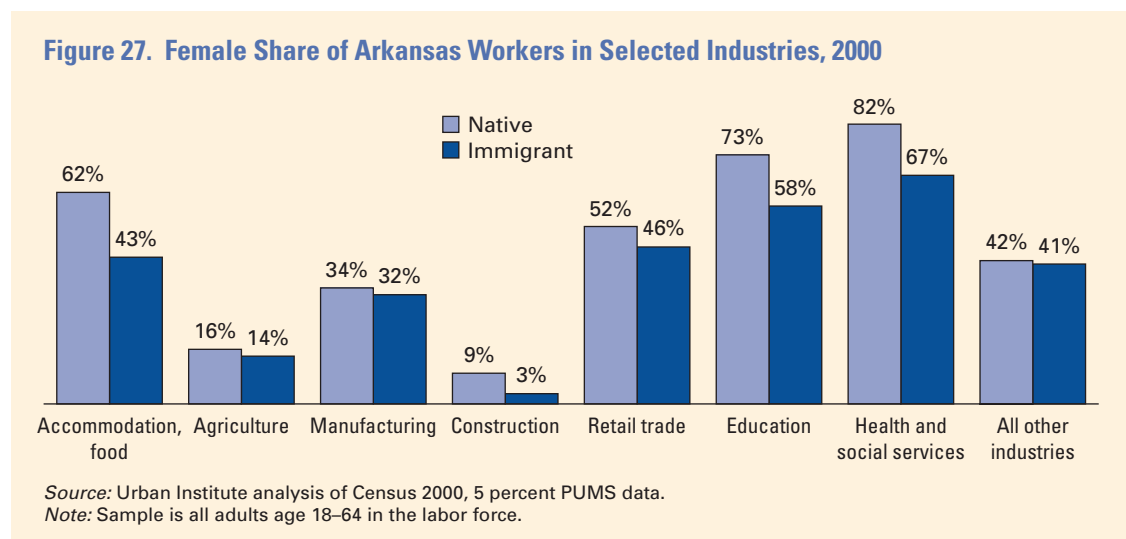
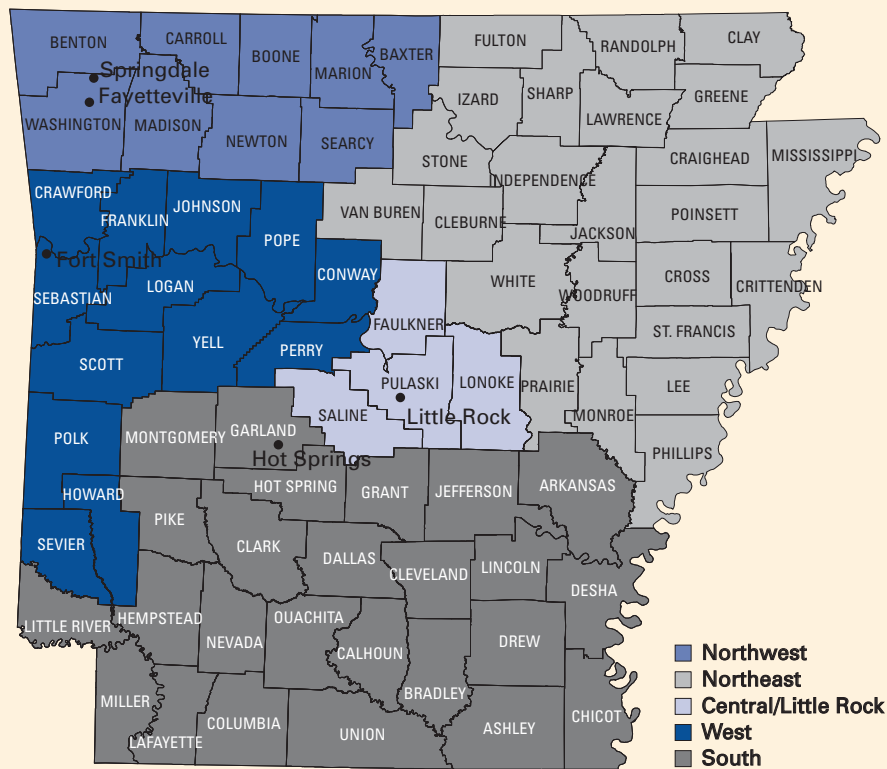


Figure 28. Geographic Regions of Arkansas Analyzed in This Report



Source: University of North Carolina, Kenan-Flagler Business School.

(which includes Fort Smith), compared with 3 percent statewide and in the central area of the state (Little Rock).

The manufacturing industry draws immigrants to all parts of Arkansas, but especially the west and northwest (table 3). In 2000, 63 percent of immigrant workers in the west and 50 percent in the northwest were employed in manufacturing; shares of natives employed in manufacturing were less than half as high (24 percent in the west and 19 percent in the northwest). Shares of immigrants and natives employed in manufacturing were lowest in Little Rock (19 and 10 percent, respectively).

Agriculture employs a larger share of immigrants in the mostly rural northeast and south than in other parts of the state. In 2000, 14 percent of immigrants in the south and 10 percent in the northeast were employed in agriculture. Shares of native-born workers employed in agricultural were substantially lower (4 and 5 percent, respectively) in these regions. Fewer than 5 percent of immigrants were employed in agriculture in the other regions of the state.

In all regions of the state except the west, substantial shares of immigrants work in high-skilled industries. Shares of immigrants employed in the two most common high-skilled industries—education and health and social services—were fairly consistent across the state (from 14 to 21 percent) in all regions except the west (6 percent) in 2000. In most regions, the shares of immigrants employed in these two high-skilled industries were only slightly below the shares of natives.

Table 3. Distribution of Arkansas Workers by Industry and Geographic Region, 2000 (percent)

	Manufacturing		Agriculture		Education, Health and Social Services	
	Immigrants	Natives	Immigrants	Natives	Immigrants	Natives
Northwest	50	19	3	3	14	18
West	63	24	4	4	6	19
Northeast	32	23	10	5	15	19
South	28	22	14	4	17	21
Little Rock/Central	19	10	1	1	21	22
All regions	42	19	5	3	14	20

Source: Urban Institute analysis of Census 2000 5 percent PUMS data.

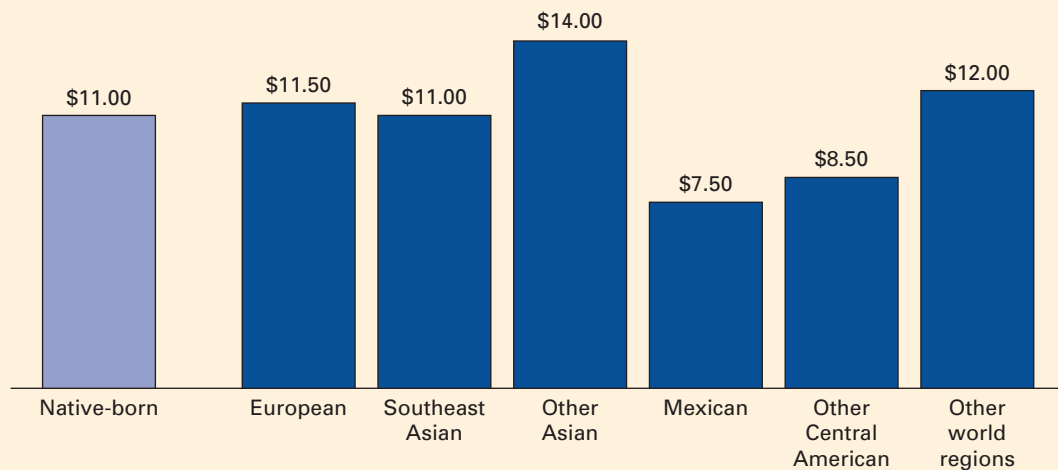
Note: Workers are employed individuals age 18–64 earning wages greater than zero.

Wages of Immigrant Workers

Immigrants are overrepresented in the Arkansas low-wage economy, as shown earlier. There is great variation in the wages earned by immigrants across regions of origin as well as industries of employment. But the greatest differences in wages for immigrants, as for natives, are between better and less-educated workers. In fact, immigrants and natives earn similar wages at comparable levels of educational attainment.

Mexicans and Central Americans Earn the Lowest Wages

The immigrant groups with the lowest educational attainment also earn the lowest wages (figure 29).²⁹ In 1999, median hourly wages for Mexicans and other Central Americans (\$7.50 and \$8.50, respec-

Figure 29. Median Hourly Wage of Arkansas Immigrant Workers by Region of Birth, 1999

Source: Urban Institute analysis of Census 2000, 5 percent PUMS data.

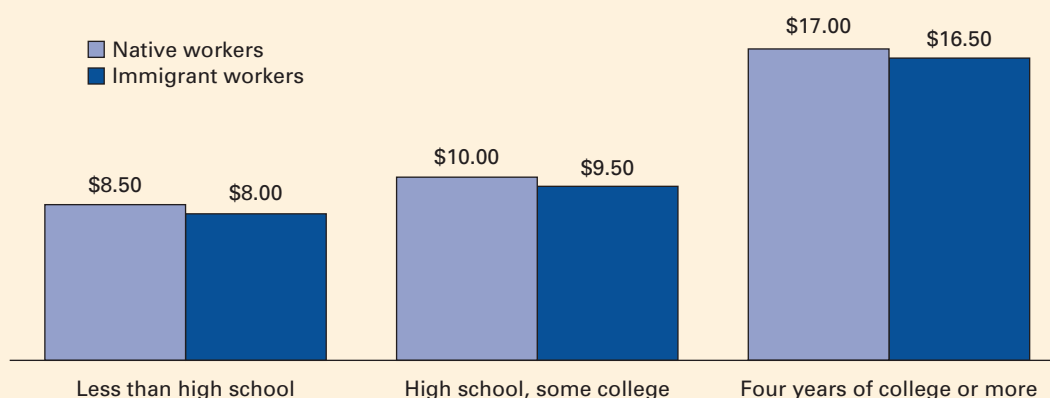
Notes: Workers are employed individuals age 18–64 earning wages greater than zero. Median hourly wages are for 1999 and are rounded to the nearest half-dollar.

tively) were well beneath the median for natives (\$11.00). All other immigrant groups earned wages as high or higher than those for natives. Asians (excluding Southeast Asians) had the highest wages of any group, \$14 an hour.

Immigrants and Natives Experience the Same Labor-Market Returns to Education

Wages are similar for immigrant and native-born workers across all levels of educational attainment, suggesting that wage differences between immigrants and natives are due in large part to differences in educational attainment, particularly at the lower end of the educational distribution. As shown earlier, Arkansas immigrants over age 25 were twice as likely as natives to have less than high school educations in 2000. In 1999, immigrants with college degrees earned \$16.50 an hour on average, twice the wage for immigrants without high school degrees (\$8.00). Median hourly wages were nearly identical for natives across the three educational attainment levels disaggregated here (figure 30).

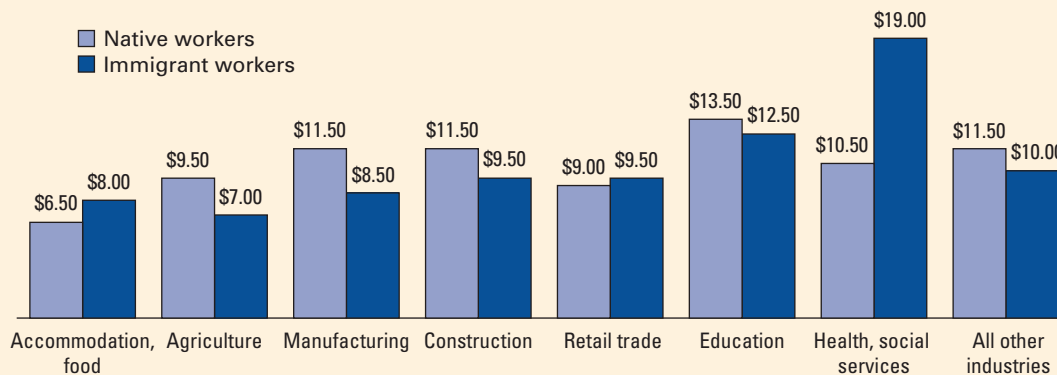
Figure 30. Median Hourly Wage of Arkansas Workers by Nativity and Education, 1999



Source: Urban Institute analysis of Census 2000, 5 percent PUMS data.

Notes: Workers are employed individuals age 18–64 earning wages greater than zero. Median hourly wages are for 1999 and are rounded to the nearest half-dollar.

Figure 31. Median Hourly Wage of Arkansas Workers by Nativity and Industry, 1999



Source: Urban Institute analysis of Census 2000, 5 percent PUMS data.

Notes: Workers are employed individuals age 18–64 earning wages greater than zero. Median hourly wages are for 1999 and are rounded to the nearest half-dollar.

Immigrants in Health and Social Services Earn More than Natives

Wages closely follow the industry distribution of educational attainment, with both natives and immigrants employed in education and health and social services earning the highest wages (figure 31). Moreover, median hourly wages are comparable between natives and immigrants across most common industries except health care and social services. In 2000, the median hourly wage of immigrants employed in health care and social services (\$19.00) was almost twice as high that of natives (\$10.50), likely as a result of the overrepresentation of immigrants among physicians and other highly skilled health professionals. Immigrants earned the lowest wages in agriculture (\$7.00), accommodation and food (\$8.00), and manufacturing (\$8.50); along with construction, these are also the industries in which immigrants had the lowest educational attainment. Natives had a lower share of high-school dropouts than immigrants in these four industries and earned higher wages except in accommodation and food.

Immigrants in Central Arkansas/Little Rock Best Educated, Earn the Most

The least educated immigrant workers reside in the areas with the most immigrants: northwest and western Arkansas. In 2000, almost two-thirds (64 percent) of foreign-born workers in the west and about half (51 percent) of those in the northwest lacked high school educations (table 4). Shares of native-born workers without high school educations were much lower in these regions, as across the rest of the state. At the other end of the spectrum, only 8 percent of immigrants in the west and 17 percent in the northwest had four-year college educations, below the statewide average of 19 percent and below levels for native-born workers.

By contrast, the share of immigrants with four-year college degrees was actually *higher* than the share of natives in central/Little Rock, the northeast, and the south, although the share of immigrants without high school degrees was higher in these areas as well. Central/Little Rock had the most well-educated immigrants: it was the only region in which the number of college-educated immigrants exceeded the number of high school dropouts (34 percent versus 21 percent).

Table 4. Educational Attainment and Median Hourly Wages of Arkansas Workers, by Geographic Region, 1999–2000

	% foreign-born	% without High School Diploma		% with Four-Year College Degree		Median Hourly Wage	
		Immigrants	Natives	Immigrants	Natives	Immigrants	Natives
Northwest	6%	51%	12%	17%	21%	\$9.00	\$10.50
West	5%	64%	15%	8%	17%	\$8.50	\$10.50
Northeast	1%	33%	16%	20%	16%	\$8.50	\$10.00
South	2%	47%	14%	21%	17%	\$9.00	\$10.50
Central/Little Rock	3%	21%	10%	34%	28%	\$10.50	\$12.50
All regions	3%	45%	13%	19%	20%	\$9.00	\$11.00

Source: Urban Institute analysis of Census 2000, 5 percent PUMS data.

Notes: Workers are employed individuals age 18–64 earning wages greater than zero. Median hourly wages are for 1999 and are rounded to the nearest half-dollar.

Despite differences in average educational attainment, there is little regional variation in wages, except that both immigrants and natives earn slightly more on average in the central/Little Rock area. In 2000, the median hourly wage for immigrants was \$10.50 in central/Little Rock, compared with \$8.50–\$9.00 in the other four regions. In all regions, natives earned between \$1.50 and \$2.00 an hour more than natives.

Income and Poverty in Immigrant Families

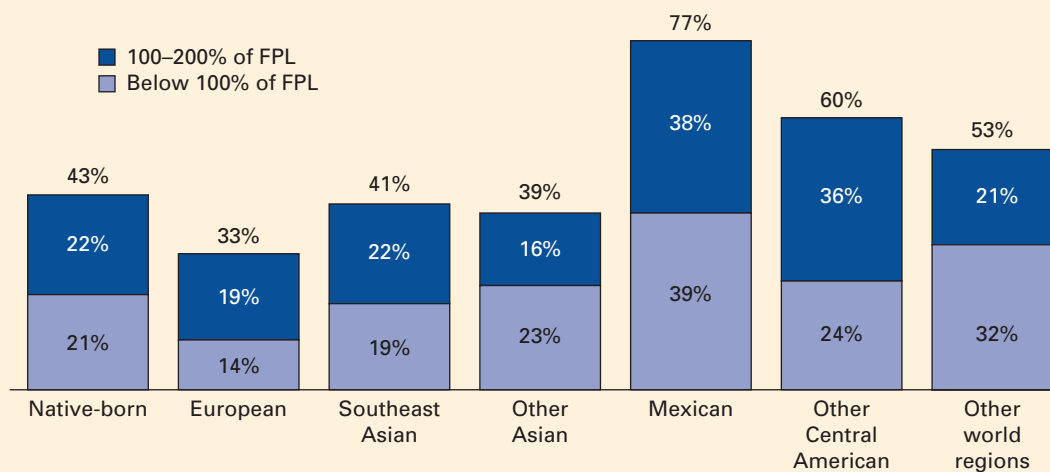
Patterns of income and poverty closely match the patterns of wages described above. The groups of immigrants with the highest levels of educational attainment—those from Europe and Asia—have the highest average incomes and lowest poverty rates. Immigrants from Mexico and Central America, on the other hand, have the lowest incomes and highest poverty rates.

The largest immigrant communities are located in the most prosperous areas of the state. The lowest native-born poverty rates tend to be found in the northwest and west. Poverty is high for immigrants living in these regions, however, suggesting that immigrant poverty is associated more with low wages and recency of arrival than with lack of job opportunities.

Mexican Immigrants Have the Highest Poverty Rate

Mexican and Central Americans are much more likely to be poor than other immigrants, while some groups of immigrants have poverty rates below that of the native-born Arkansas population (figure 32). In 1999, 39 percent of Mexican immigrants lived in households with incomes below the federal poverty level (FPL), almost double the rate for the native-born (21 percent).³⁰ Over three-quarters (77 percent) of Mexicans had incomes below twice the FPL, compared with just 43 percent of the native-born. Other Central Americans were also relatively poor: 24 percent lived in households with incomes below the FPL, and 60 percent lived in households with incomes below twice the FPL. Immigrants from other world regions—mostly from South America and Africa—were the third group with relatively high poverty rates (32 percent below the FPL and 53 percent below twice the FPL).

Figure 32. Poverty Rates for Arkansas Immigrants, 1999



Source: Urban Institute analysis of Census 2000, 5 percent PUMS data.

The poverty rate of Asian immigrants, however, is similar to that of native-born Arkansas residents, and the poverty rate for European immigrants is lower. In 2000, Southeast and other Asians were about as likely as natives to have incomes below the FPL and below twice the FPL. European immigrants had the lowest poverty rate of any group (14 percent).

The data described earlier in the report provide three other explanations for why Mexican immigrants experience such low incomes and high poverty rates, despite the high levels of work among Mexican immigrant men. First, only about 40 percent of Mexican-born women work, and thus many Mexican immigrant families—even those with two parents in the home—have only one worker. Second, median hourly wages for Mexican immigrants are only about two-thirds as high as natives' wages and half as high as wages for Asian immigrants. Third, Mexican immigrants are less likely to work full-time year-round than natives and most other immigrant groups.

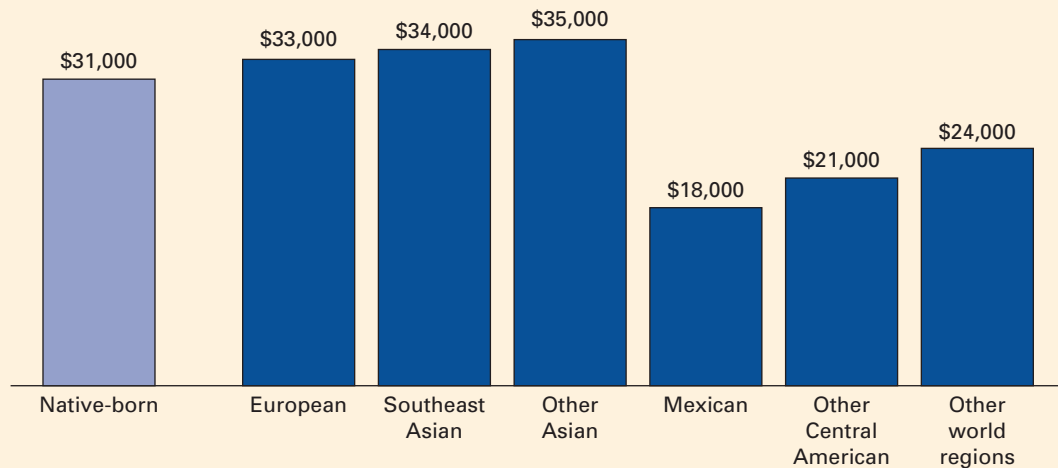
Median Incomes for European and Asian Immigrants Exceed Incomes of Natives

European and Asian immigrants have incomes exceeding the average for native-born Arkansas residents, while incomes for Mexican, Central American, and other immigrants are substantially lower (figure 33). In 1999, the median family incomes of European, Southeast Asian, and other Asian immigrants exceeded that of natives (\$31,000).³¹ The median family income of Mexican immigrants (\$18,000) was only about half that of Southeast Asian (\$34,000) and other Asian immigrants (\$35,000). Median income for Central Americans (\$21,000) was only slightly higher than that for Mexicans. The fact that incomes are lowest for the two newest groups of immigrants—Mexicans and Central Americans—and highest for the most established group—Europeans—suggests that income levels will rise and poverty levels fall over time as immigrants integrate economically in Arkansas.

Poverty Rates Rose for Hispanics but Fell for Other Groups during 1990s

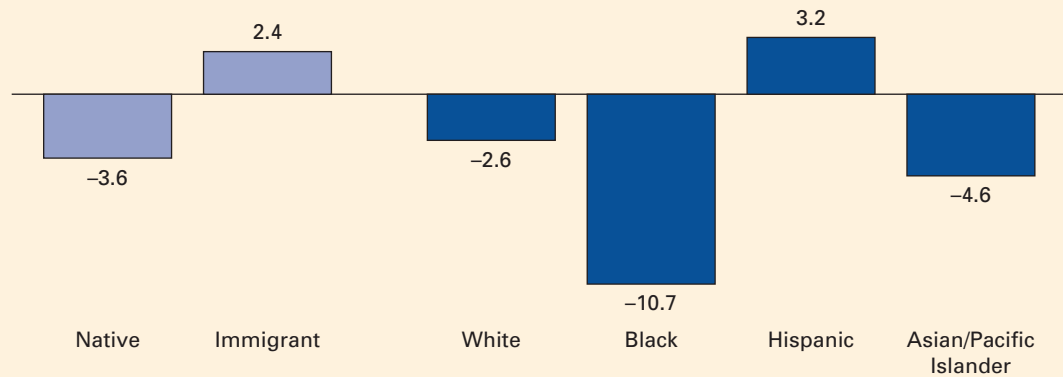
Poverty fell among Arkansas residents during the economic boom of the 1990s, but it rose slightly among immigrants (figure 34). Between 1989 and 1999, native-born Arkansas residents experienced

Figure 33. Median Family Incomes of Arkansas Immigrants, 1999



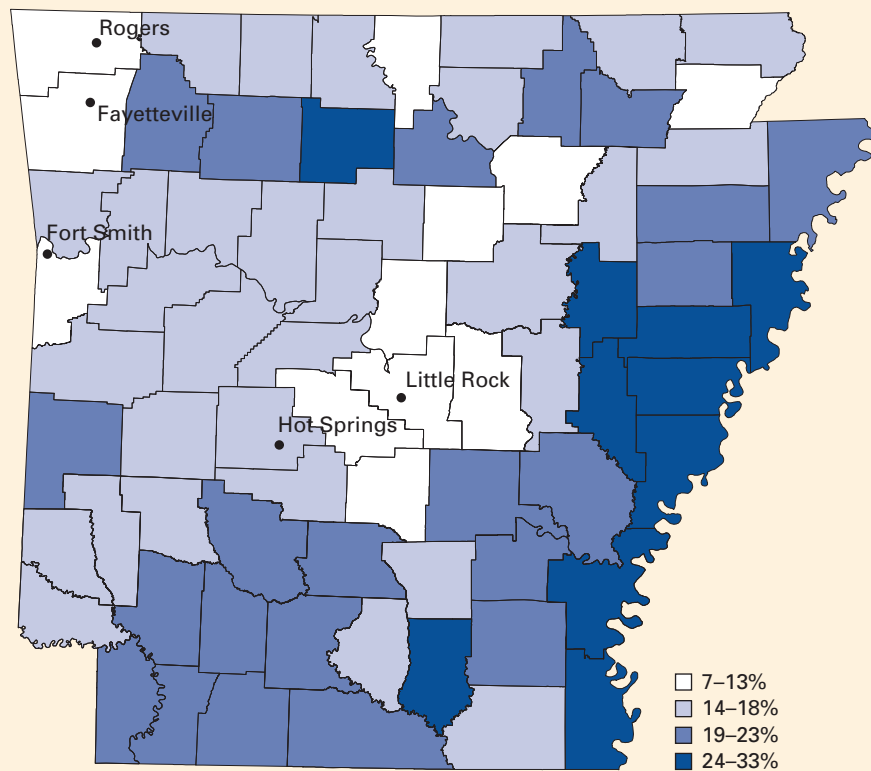
Source: Urban Institute analysis of Census 2000, 5 percent PUMS data.

Figure 34. Percentage Point Change in Arkansas Poverty Rates, 1989–99



Source: Urban Institute analysis of IPUMS 5 percent data for 1990 and 2000.

Figure 35. Poverty Rates for the Native-Born Population by Arkansas County, 1999



Source: Urban Institute analysis of Census 2000 Summary File 3 data.

a considerable reduction in poverty (4 percent), with the steepest drop occurring among blacks (11 percent). By contrast, the poverty rate for immigrants rose (by 2 percent), as did poverty among Hispanics (by 3 percent).

The increase in poverty among immigrants and Hispanics during the 1990s was driven in part by the increasing share of Arkansas immigrants from Mexico and Latin America—groups with relatively high poverty rates. At the same time, the share of immigrants from Europe and Asia—groups with relatively low poverty rates—fell. Nonetheless, despite increasing poverty among immigrants, the substantial decline in *native* poverty—especially among blacks—suggests that the rapid immigration of recent years has been associated with increasing prosperity for most Arkansas residents. The relatively low poverty rates for native-born residents of northwest and western Arkansas—the regions of the state with the most immigrants—also provide evidence that recent immigration has for the most part been associated with economic prosperity.

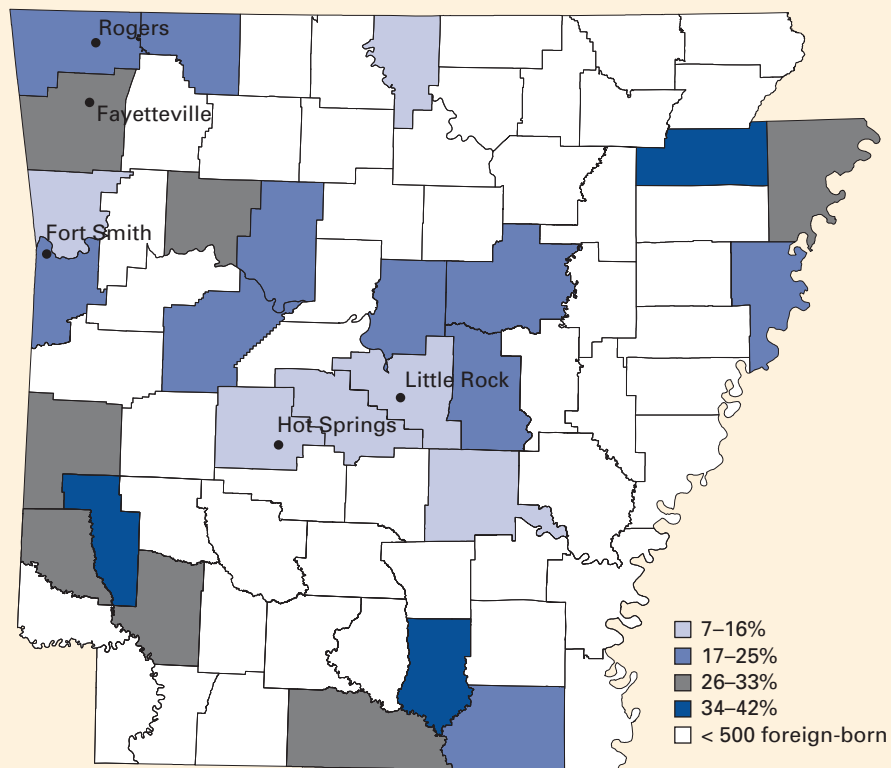
Lowest Native-Born Poverty in Geographic Regions with the Most Immigrants

Arkansas immigrants tend to settle in the areas with the lowest native-born poverty rates (figure 35, page 35). In 2000, eastern Arkansas has the highest poverty rates among natives (over 24 percent in most counties) but the lowest foreign-born population shares (under 2 percent of the total population). By contrast, northwest Arkansas—especially Rogers, Springdale, and Fayetteville—had the highest foreign-born population shares (over 6 percent) but the lowest native-born poverty rates (under 13 percent). Immigrants are drawn to northwest Arkansas because of its booming economy and plentiful job opportunities for the low-skilled in manufacturing. Little Rock and Hot Springs also had relatively low native-born poverty alongside relatively large immigrant communities. Thus, the pattern of immigrant concentration within Arkansas follows the national pattern: immigrants are moving to the most prosperous areas, and these areas continue to prosper with the influx of newcomers.

Immigrant Poverty Is Dispersed across Arkansas, High in Northwest and West

Poverty rates for immigrants, however, do not follow the same geographic patterns as rates for natives, as immigrants have high poverty rates in the northwest and west (figure 36). In 2000, the highest poverty rates for immigrants (over 26 percent) were in the Springdale-Rogers-Fayetteville area, as well as in some rural counties with smaller immigrant populations. Immigrant poverty was also relatively high in the Fort Smith area. Poverty was lowest among immigrants in Little Rock and Hot Springs (under 15 percent).³² Thus, there is substantial foreign-born poverty in the more prosperous areas of the state where immigrants are settling, and poverty rates are much higher for immigrants than natives in these areas. The economic expansion in these areas—particularly Springdale-Rogers-Fayetteville—may be increasing prosperity among natives while simultaneously increasing poverty among immigrants.

Figure 36. Poverty Rates for the Foreign-Born Population by Arkansas County, 1999



Source: Urban Institute analysis of Census 2000 Summary File 3 data.

ARKANSAS CHILDREN IN IMMIGRANT AND NATIVE-BORN FAMILIES

The number of children of immigrants in Arkansas is growing rapidly alongside the foreign-born workforce, with Hispanics the fastest growing group. This section provides a demographic overview of the circumstances of children in immigrant families, compared with children in native-born families.³³ Children of immigrants benefit from the strengths that their families bring when they move to Arkansas, but they also confront serious challenges as they seek success in their adopted homeland.

Most Children in Immigrant Families Are U.S. Citizens

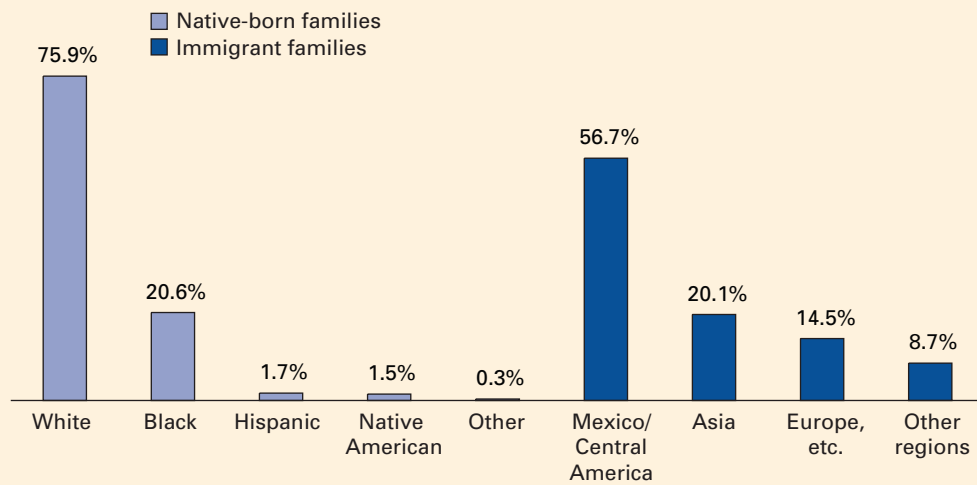
The number of children in immigrant families in Arkansas grew 276 percent between 1990 and 2000, a rate exceeded by only one other state, North Carolina. According to the 2000 Arkansas Census, about 35,000 children lived in immigrant families with at least one foreign-born parent, and they accounted for 5.5 percent of all children in the state. Fifty-seven percent of Arkansas children in immigrant families have origins in Mexico or Central America, 20 percent are from Asia, and 15 percent are from Europe, Canada, or Australia (figure 37). Thus, most Arkansas children in immigrant families are Hispanic. Among Arkansas children in native-born families—that is, with U.S.-born parents—76 percent are white, 21 percent are black, and less than 2 percent are Hispanic or Native American.

Because of very different immigration rates across groups, about 66 percent of Hispanic children and 79 percent of Asian children in Arkansas live in immigrant families, compared with only 1–2 percent of whites and blacks (table 5). Although the vast majority of Hispanic and Asian children in Arkansas live in immigrant families, most are U.S. citizens because they were born here. U.S. citizen children account for 76 percent of children in immigrant families from Mexico and Central America (including 2 percent of children who are naturalized citizens) and for 85 percent of children in immigrant families from Asia (including 11 percent who are naturalized). Not only were most children in immigrant families born in the United States, many have a U.S.-born parent; 20 percent from Mexico and Central America, 39 percent from Asia, and 78 percent from Europe, Canada, and Australia.

Most Children in Immigrant Families Live with Two Parents

Arkansas children in immigrant families are more likely than those in native-born families to live with two parents (figure 38, page 41). Proportions living with two parents were 85–89 percent for children of immigrants, with variation by parents' origin, compared with 81 percent for whites in native-born families, 73 percent for Native Americans, 58 percent for Hispanics, and 45 percent for blacks.

Figure 37. Share of Arkansas Children in Immigrant Families by Country or Region of Origin and in Native Families by Race or Ethnicity, 2000



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

Table 5. Children Age 0–17 in Immigrant Families by Race/Ethnic Origin, and Who Are Citizens or Have a U.S.-Born Parent by Country or Region of Origin

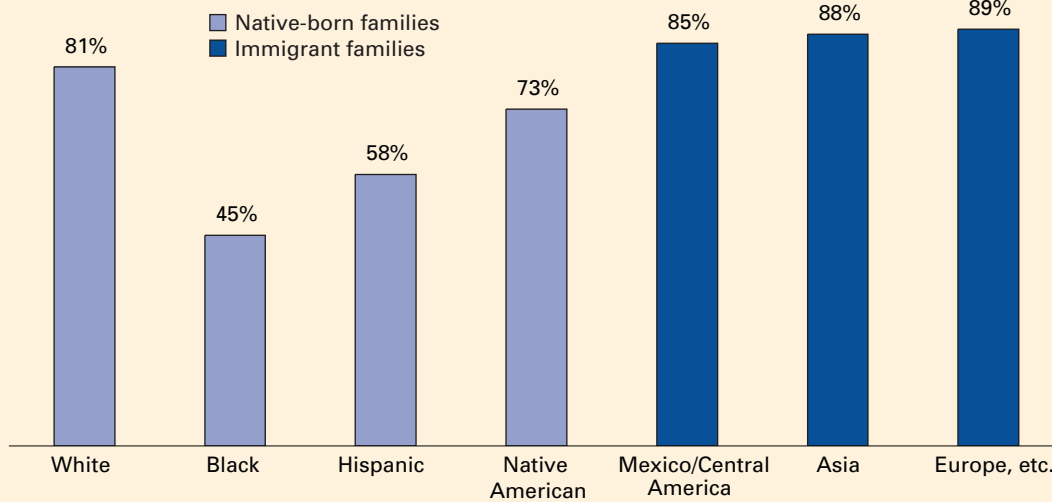
All Children Age 0–17		Children Age 0–17 in Immigrant Families		
Race/Ethnicity	Percent in immigrant families	Immigrant country /region	Percent citizen	Percent with a U.S.-born parent
White	1.5	Mexico and Central America	75.5	20.2
Black	1.3	Asia	85.0	39.1
Asian	79.2	Europe, Canada, Australia	86.4	77.7
Hispanic	66.1	All other world regions	83.7	36.9
Total	5.5	Total	79.7	33.8

Source: Calculated from Census 2000 5 percent IPUMS by Donald J. Hernandez.

Thus, children in immigrant families are considerably more likely to have two parents available in the home to provide for their social, emotional, and economic needs. The very large differences between children in the Hispanic immigrant and native-born groups, however, suggest an important question. What public policies might foster continuing strong families among Hispanic immigrants as the next, U.S.-born generation grows to maturity in Arkansas?

The devotion to family among Hispanics is also reflected in the proportion living in families with four or more siblings, and with other extended family members (table 6, page 42). Among children in immigrant families from Mexico and Central America, 25 percent live in homes with four or more siblings, and the proportion is nearly as high (22 percent) for Hispanics in native-born families. Only

Figure 38. Share of Arkansas Children Who Live with Two Parents, 2000



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

blacks in native-born families are nearly as likely to live in large families (19 percent). Hispanic children in immigrant families from Mexico and Central America and Asia are somewhat more likely than whites in native-born families, and somewhat less likely than Hispanics and blacks in native-born families, to have a grandparent in the home.

About one-quarter (28 percent) of children in immigrant families from Mexico and Central America have other adult relatives in the home, a rate two to three times greater than for other groups; the lone exception is blacks in native-born families, among whom 22 percent live with other adult relatives. Children in immigrant families from Mexico and Central America also are substantially more likely (9 percent) than other groups (2–5 percent) to have adult nonrelatives living with their families, and to have children age 0–17 other than siblings in the home (13 percent versus 2–6 percent, with the exception of blacks in native-born families at 12 percent). Children in immigrant families from Mexico and Central America with comparatively large numbers of siblings and other children, adults in the extended family, and nonrelatives in the home may benefit from the nurturing relationships and economic resources these additional household members bring to the family.

Children in Immigrant Families Have Parents with Strong Work Ethics

Adult immigrants come to Arkansas with a strong work ethic and desire to succeed, both for themselves and their children. Reflecting this commitment, among children with a father in the home, the vast majority of children have fathers who are employed, and there is little difference across various groups (figure 39, page 43). The proportion is over 90 percent (ranging from 91 to 98 percent) for all groups of children of immigrants and natives, except blacks in native-born families (83 percent).

Most children also have mothers who are employed, with a range of 68 to 77 percent for all groups except one. A somewhat smaller majority of children in immigrant families from Mexico and Central America (56 percent) has a working mother (figure 40, page 43).

Table 6. Family Composition in the Home for Children Age 0–17, by Immigrant Country/Region or Race/Ethnic Origin, 1999 (percent of children living in each arrangement)

	Two- parent family	Mother- only family	Father- only family	Four or more siblings age 0–17	Two or more nuclear families in home ^a	Grand- parents in home	Respon- sible grand- parent ^b	Child 0–17 other than sibling in home	Other adult relative in home	Non- relative in home
Children in Immigrant Families	85.2	10.3	4.5	19.4	2.9	8.6	1.7	8.8	21.2	6.8
Mexico and Central America	85.4	8.3	6.3	24.5	4.7	9.3	2.5	12.7	27.9	9.0
Asia	87.6	10.6	1.8	6.9	1.1	8.8	0.4	4.3	15.1	3.1
Europe, Canada, Australia	88.5	9.3	2.2	13.9	0.0	4.5	0.2	2.0	8.6	2.4
Children in Native-Born Families	73.3	22.9	3.8	11.1	2.1	8.4	4.0	5.0	12.7	2.7
White	81.4	15.1	3.5	8.8	1.3	6.2	2.6	3.2	10.3	2.5
Black	44.6	51.1	4.3	18.6	4.7	16.2	9.1	11.7	21.5	3.4
Hispanic	57.9	37.6	4.5	21.8	2.2	13.4	6.9	4.8	10.0	5.0
Native American	72.5	20.4	7.1	12.8	3.4	11.4	5.2	6.3	10.7	4.3
Total	74.0	22.3	3.8	11.5	2.1	8.5	3.9	5.2	13.1	3.0

Source: Calculated from Census 2000 5 percent IPUMS by Donald J. Hernandez.

^a A nuclear family consists of at least one child and the child's parent(s).

^b Grandparents who have primary responsibility for the care of their grandchildren.

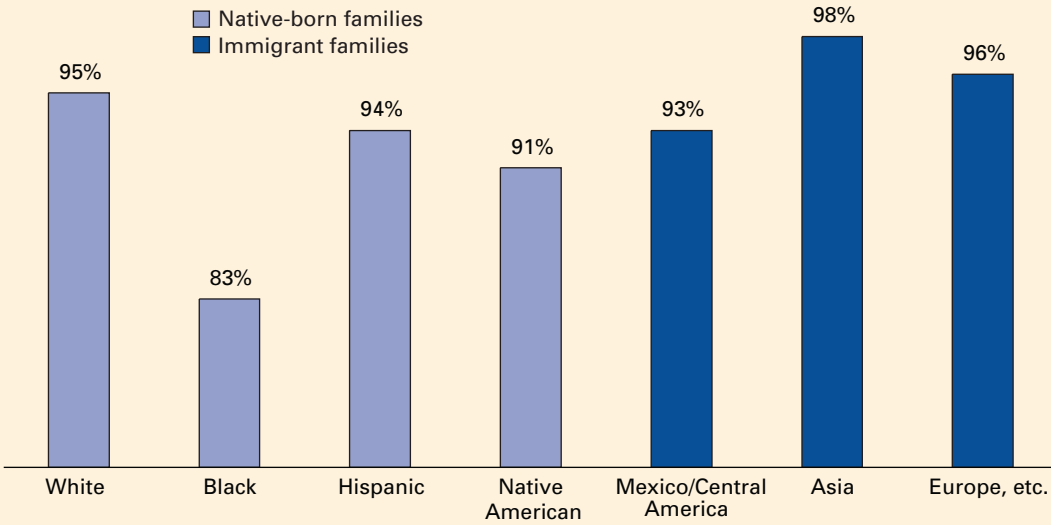
But this latter difference is counterbalanced by adult workers in addition to parents. Among children in immigrant families with origins in Mexico and Central America, 24 percent have another adult worker in the home, substantially higher than the proportions for other groups (which range from 7 to 19 percent; see figure 41 on page 44). This additional income may be essential to family survival, as suggested later in this report by the often-low family income levels and high poverty rates among these children.

Many Children in Immigrant Families Have Parents with Limited Educations

Children of immigrants and their families experience strengths but also confront challenges as they pursue the American Dream in Arkansas. Children in immigrant families from Asia, Europe, Canada, and Australia often have highly educated parents. The proportions with fathers who are college graduates are 38 percent and 25 percent, respectively, for these predominantly Asian and white groups, compared with 4–9 percent for other racial/ethnic and immigrant origin groups except native-born whites (table 7, page 44).

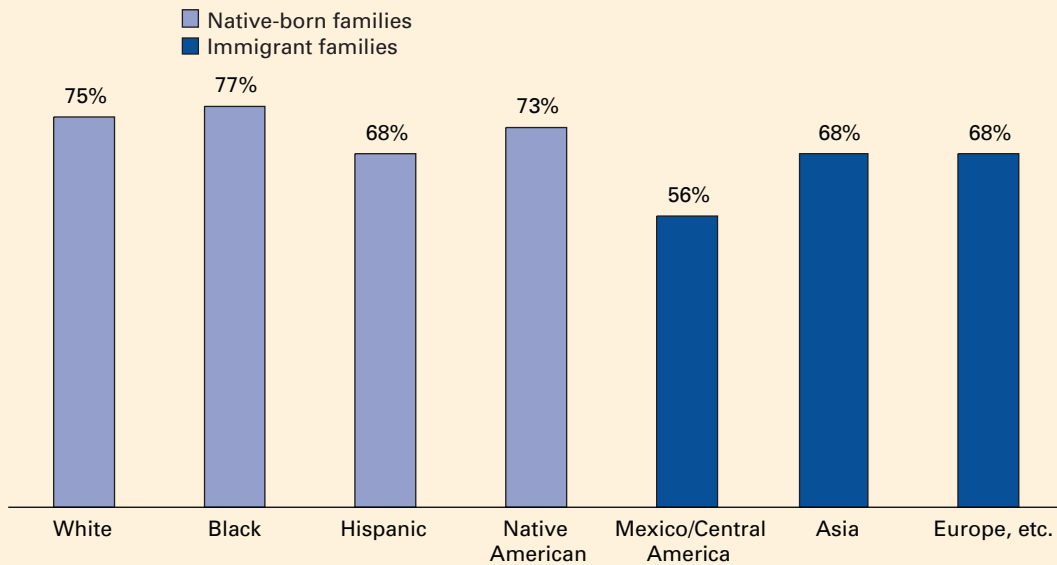
Children in immigrant families from Mexico and Central America, however, often have extremely limited education; 74 percent have fathers who have not graduated from high school, compared with 16 percent for whites in native-born families and 22–29 percent for racial and ethnic

Figure 39. Share of Arkansas Children with Working Fathers, 2000



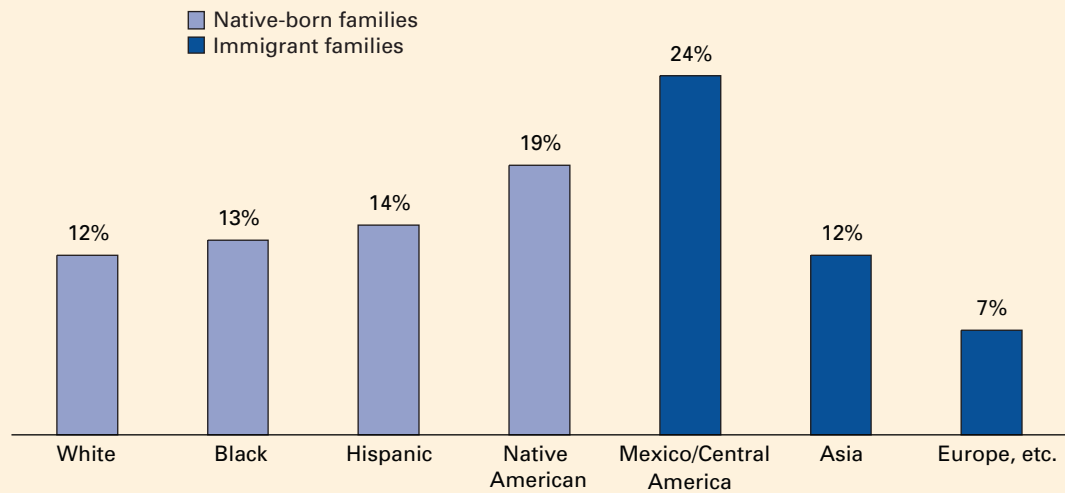
Source: Calculated from Census 2000 5 percent IPUMS by Donald J. Hernandez.
Note: "Europe, etc." includes Canada, Australia, and New Zealand.

Figure 40. Share of Arkansas Children with Working Mothers, 2000



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

Figure 41. Share of Arkansas Children with Other Adult Workers in the Home, 2000



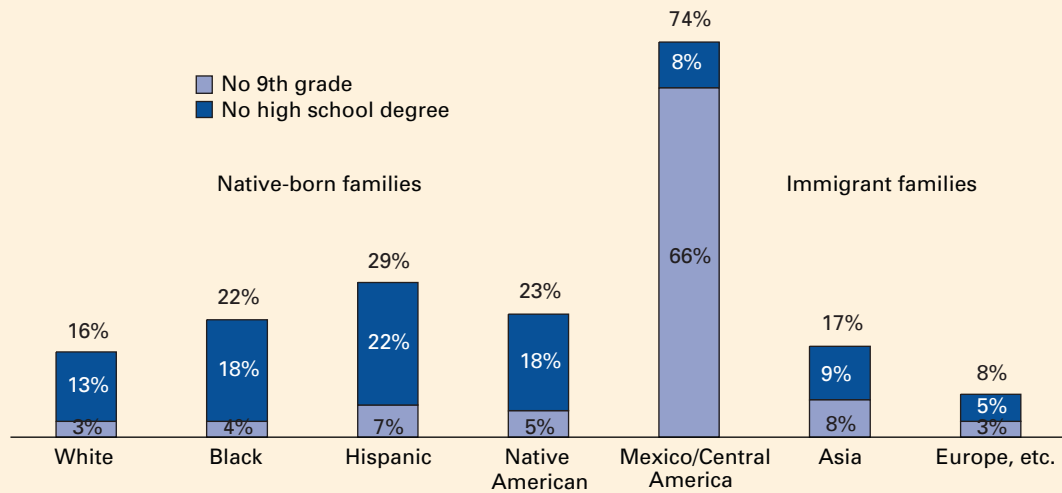
Source: Calculated from Census 2000 5 percent IPUMS by Donald J. Hernandez.
 Note: "Europe, etc." includes Canada, Australia, and New Zealand.

Table 7. Parental Education of Children Age 0-17, by Immigrant Country/Region or Race/Ethnic Origin, 2000
 (percent of children in families with each level of education)

	Father 0-8 years of school	Father 9-11 years of school	Father HS grad or some college	Father college grad	Mother 0-8 years of school	Mother 9-11 years of school	Mother HS grad or some college	Mother college grad
Children in Immigrant Families	40.9	7.3	34.8	17.0	37.1	11.1	36.9	14.9
Mexico and Central America	66.0	7.9	21.8	4.3	57.8	14.1	24.7	3.4
Asia	8.2	8.9	44.9	38.0	21.9	3.4	44.5	30.2
Europe, Canada, Australia	2.9	5.4	67.0	24.7	0.0	8.1	67.4	24.5
Children in Native-Born Families	3.4	13.7	63.8	19.1	2.6	12.6	68.4	16.4
White	3.3	12.8	62.9	21.0	2.4	10.5	68.4	18.7
Black	3.5	19.4	68.7	9.4	2.8	19.4	68.7	9.1
Hispanic	7.3	22.3	61.3	9.1	8.5	17.4	68.6	5.5
Native American	4.6	18.0	70.4	7.0	3.0	19.6	66.0	11.4
Total	5.8	13.3	61.9	19.0	4.5	12.5	66.7	16.3

Source: Calculated from Census 2000 5 percent IPUMS by Donald J. Hernandez.
 HS = high school

Figure 42. Share of Arkansas Children with Fathers without High School Degrees and without Ninth Grade Educations, 2000



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

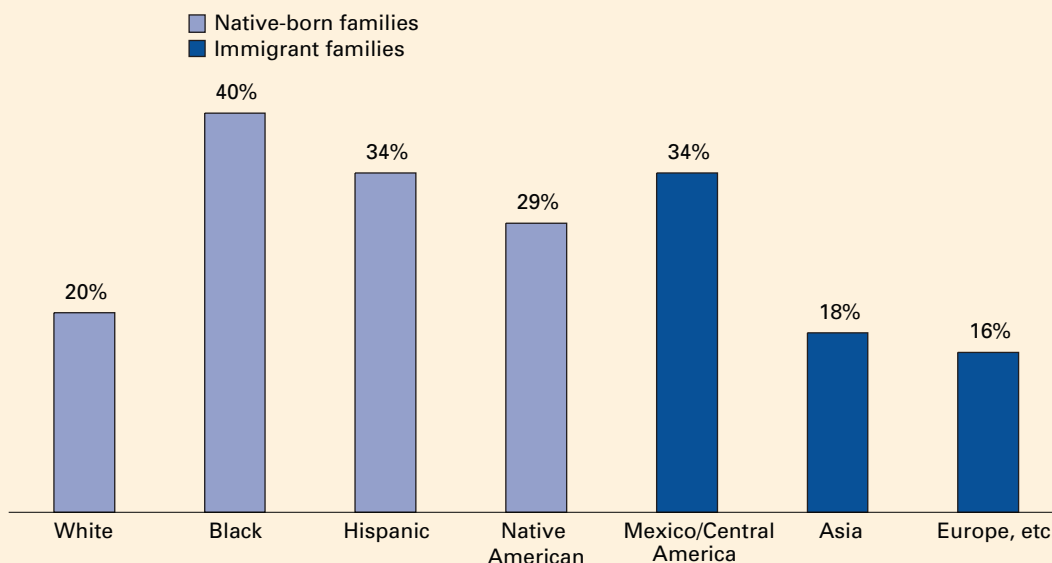
minorities in native-born families (figure 42). Equally striking, 66 percent have fathers who have completed only eight years of school or less, compared with 3–8 percent for other groups. Educational distributions across nativity, race, and ethnic groups are similar for mothers and fathers.

Highly educated parents have the knowledge necessary to help their children with schoolwork, as well as experience with the education system—often through the college level—to negotiate effectively for their children with teachers and school administrators. Because their parents are highly educated, children in immigrant families from Asia, Europe, Canada, and Australia are perhaps more advantaged in their opportunities for educational success than are whites in native-born families. But children in immigrant families from Mexico and Central America have a corresponding, in fact more severe, overall disadvantage compared with children in every other broad immigrant and racial/ethnic group in Arkansas.³⁴

Many Children in Immigrant Families Have Fathers Who Work Part-Time

Despite the large proportion of children in all groups who have working fathers, children in immigrant families from Mexico and Central America also often have fathers who cannot find full-time year-round work, no doubt in part because of their very limited educations. Among children in this immigrant group, 34 percent have fathers who are not working full-time year-round (figure 43). This share is similar to the level for Hispanics in native-born families and Native Americans (29–34 percent) but much larger than the 16–20 percent experienced by other immigrant groups and by whites in native-born families. Blacks in native-born families, however, are more likely than any other group, at 40 percent, to have fathers who are not working full-time year-round.

Figure 43. Share of Arkansas Children with Fathers Not Working Full-Time Year-Round, 2000



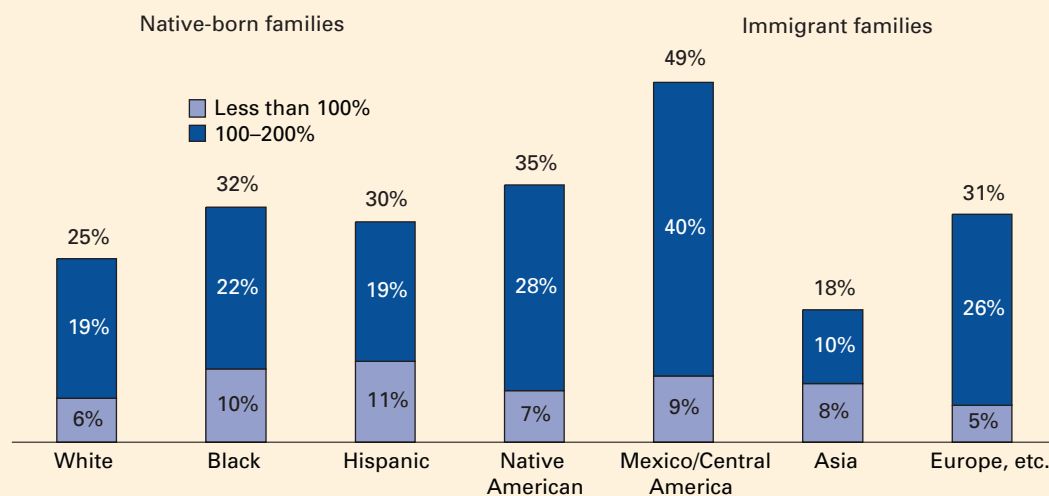
Source: Calculated from Census 2000 5 percent IPUMS by Donald J. Hernandez.
Note: "Europe, etc." includes Canada, Australia, and New Zealand.

The lack of full-time year-round jobs for fathers of many children, but particularly those in immigrant families from Mexico and Central America and in black native-born families, poses a major challenge to these families, particularly when combined with low hourly wages. Among children with fathers who work, 5–11 percent in each broad immigrant and racial/ethnic group have fathers who earn less than the minimum hourly wage (\$5.15). But nearly half (49 percent) of children in immigrant families from Mexico and Central America have fathers who earn less than twice the federal minimum wage (\$10.30). This is 14–31 percentage points higher than for any other broad immigrant and racial/ethnic group in Arkansas (figure 44). Fewer hours of work per year combined with low hourly wages for fathers lead to family incomes that often are too low to lift a family out of poverty.

Many Children in Immigrant Families Live in Poverty

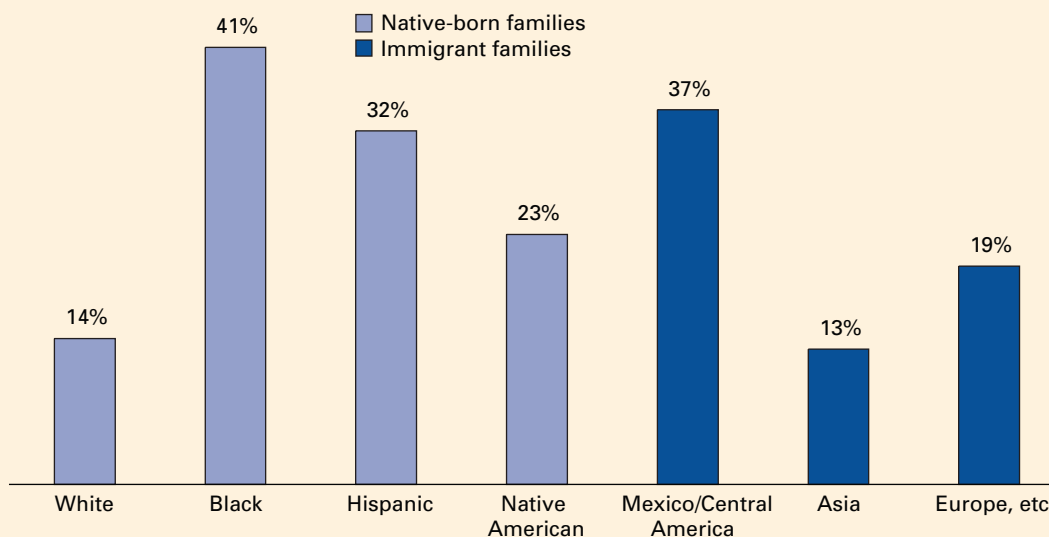
Families with poverty-level incomes often lack resources for decent housing, food, clothing, books, other educational resources, child care or early education, and health care. The official poverty rate is the measure most commonly used to assess economic need in the United States. But the official measure has come under increasing criticism because since 1965 it has been updated only for inflation, not for increases in the real standard of living, and because it does not take into account the local cost of living, which varies greatly across the United States and between metropolitan and rural areas (Citro and Michael 1995; Hernandez, Denton, and Macartney forthcoming). To provide a more complete picture of economic need for children in Arkansas, this report presents results for the official measure and for an alternative that takes into account federal taxes and the local cost of various goods and services (Bernstein, Brocht, and Spade-Aguilar 2000; Boushey et al. 2001; Hernandez et al. forthcoming).

Figure 44. Share of Arkansas Children with Fathers Earning Less than the Minimum Wage or 100–200% of the Minimum Wage, 2000



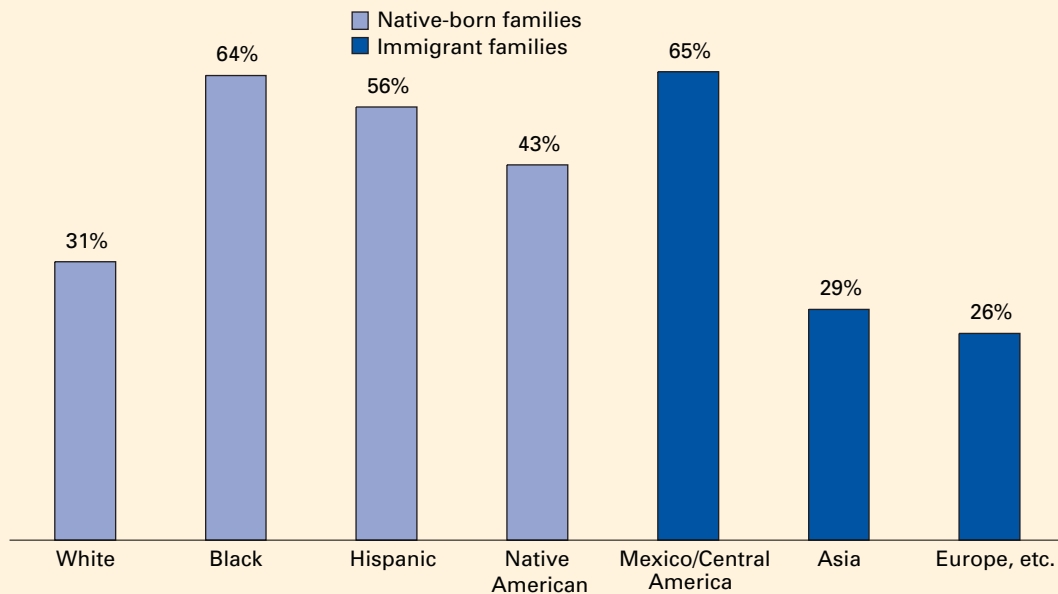
Source: Calculated from Census 2000 5 percent IPUMS by Donald J. Hernandez.
 Note: "Europe, etc." includes Canada, Australia, and New Zealand.

Figure 45. 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.

Figure 46. Share of Arkansas Children Living in Basic-Budget Poverty, 2000



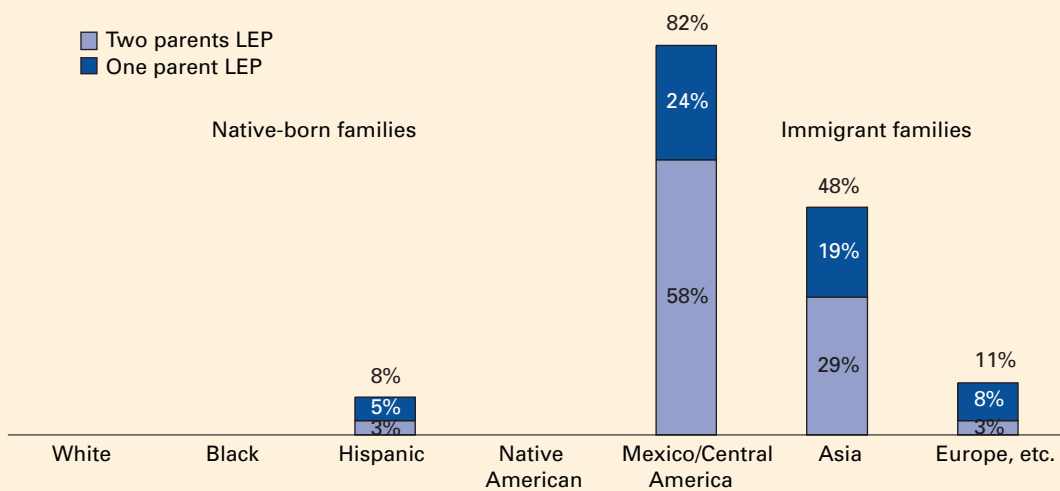
Source: Calculated from Census 2000 5 percent IPUMS by Donald J. Hernandez.
Note: "Europe, etc." includes Canada, Australia, and New Zealand.

Children in immigrant families from Mexico and Central America and Hispanic children in native-born families experience essentially the same official poverty rate (32–37 percent), only a few percentage points less than the rate for blacks in native-born families (41 percent; see figure 45). These rates are somewhat higher than the rates for Native American children (23 percent) and children in immigrant families from Europe, Canada, and Australia (19 percent), and they are much higher than the rates for whites in native-born families and Asian immigrants (13–14 percent).

The alternative measure of economic need presented here—the “basic budget” poverty rate—takes into account the local cost of food, housing, transportation for parents to commute to work, and other necessities such as clothing, personal care items, household supplies, telephone, television, school supplies, reading materials, music, and toys (Hernandez et al. forthcoming).

The groups with the highest basic-budget poverty rates of 56 to 65 percent are children in immigrant families from Mexico and Central America as well as blacks and Hispanics in native-born families (figure 46). These rates are 23 to 28 percentage points higher than the corresponding official rates for these groups. This difference between the basic-budget and official rates suggests that the official poverty threshold is set too low to cover the local costs of food, housing, transportation, and other necessities in Arkansas. Native American children have a basic-budget poverty rate 9–16 percentage points below the rates for these three groups; over two-fifths (43 percent) of Native American children in Arkansas are baseline basic-budget poor. The proportion is about one in four to one in three (26–31 percent) for the remaining broad immigrant and racial/ethnic groups.

Figure 47. Share of Arkansas Children with One or Two Limited English Proficient (LEP) Parents, 2000



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

Many Children in Immigrant Families Have Limited English Proficient Parents

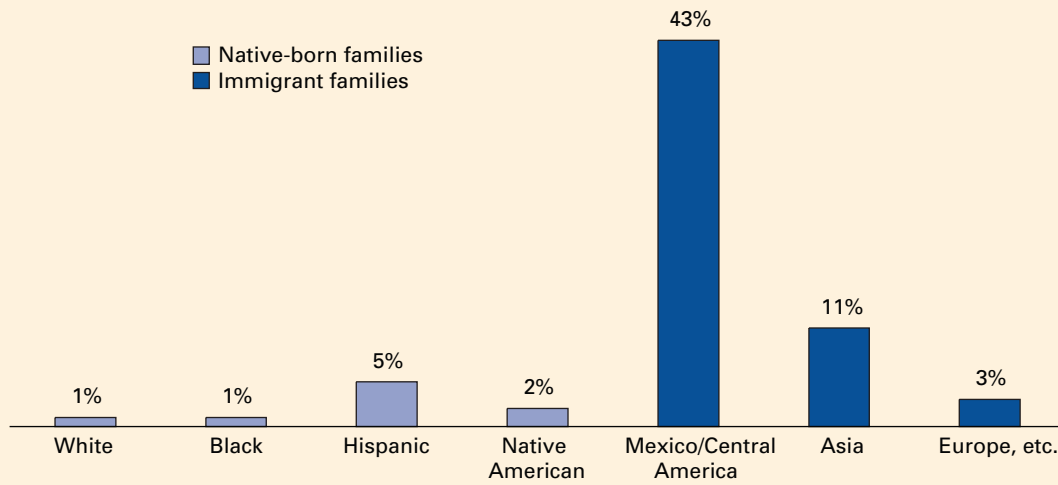
Parents who are limited English proficient (LEP) are less likely to find well-paid full-time year-round employment than English-fluent parents, and they are less likely to be able to effectively work with English-speaking teachers and administrators in Arkansas schools. Eight in ten (82 percent) children in immigrant families from Mexico and Central America have at least one parent who is LEP, and 58 percent (in two-parent families) live with two parents who are not English fluent (figure 47). The corresponding proportions for children in immigrant families from Asia are lower but also large, at 48 and 29 percent, respectively. For Europe, Canada, and Australia, the proportions are quite low: 11 percent and 3 percent, respectively, a level similar to Hispanics in native-born families (8 percent and 3 percent).

Many Children in Immigrant Families Are Limited English Proficient, but a Large Minority Is Potentially Bilingual

English fluency is much more common among children in immigrant families, most of whom were born in the United States, than among their parents. Nevertheless, 43 percent of children in the Mexico and Central America group and 11 percent of the Asian immigrant group are LEP (figure 48, page 50). The English language skills of these children can pose a major barrier to educational success if schools do not have programs that work effectively with Spanish and other non-English speakers.

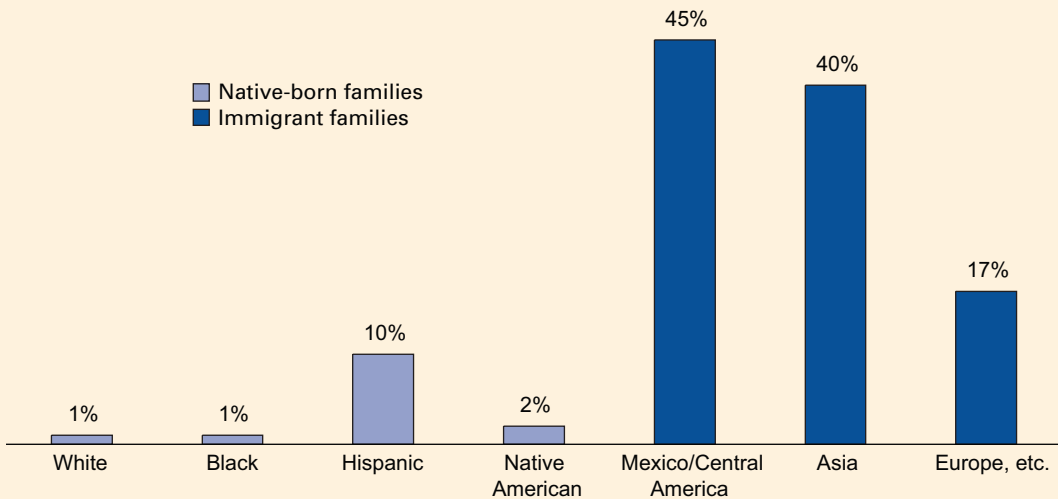
Many children, however, are already are fluent in English and are, therefore, positioned by their family circumstances to become effective bilingual speakers. Nearly half (45 percent) of children in

Figure 48. Limited English Proficient Share of Arkansas Children Age 5–17, 2000



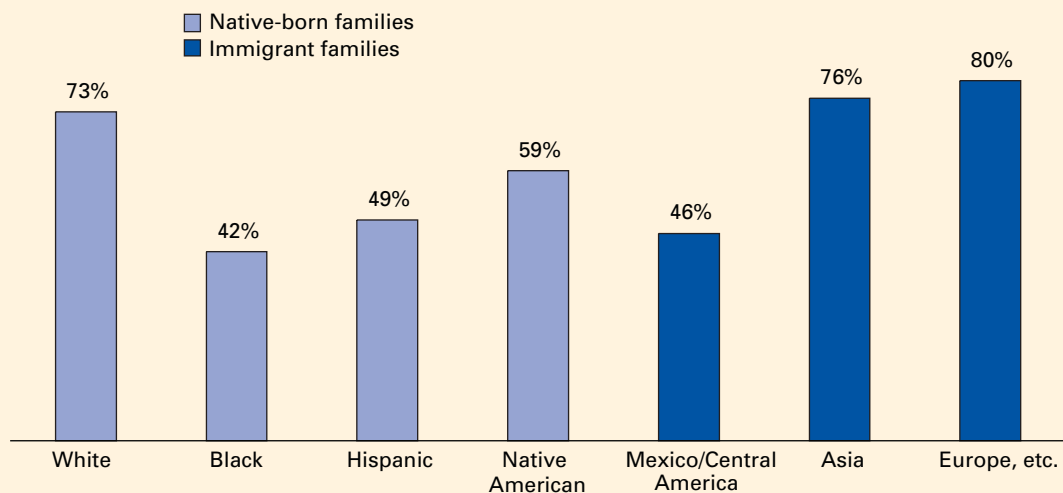
Source: Calculated from Census 2000 5 percent IPUMS by Donald J. Hernandez.
Note: "Europe, etc." includes Canada, Australia, and New Zealand.

Figure 49. Share of Arkansas Children Age 5–17 Who Speak English Fluently and Speak Another Language at Home, 2000



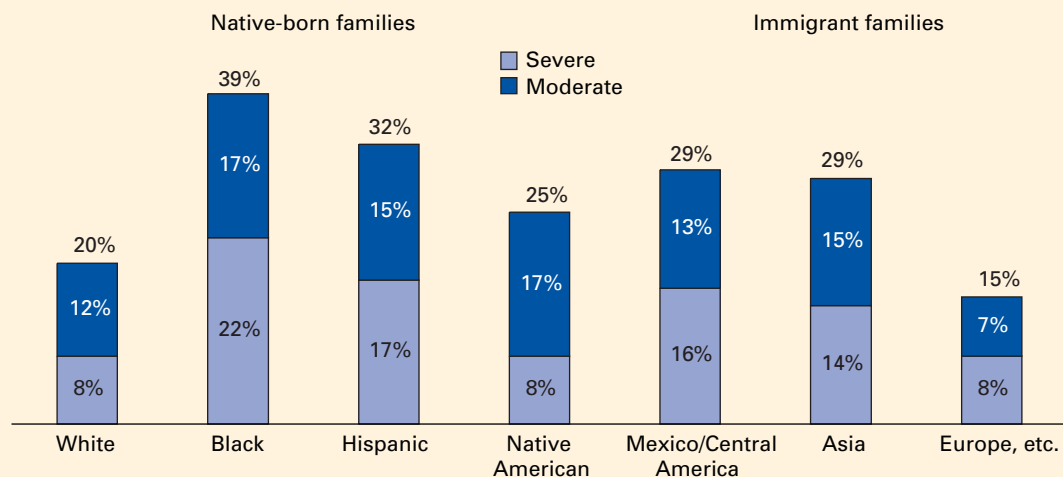
Source: Calculated from Census 2000 5 percent IPUMS by Donald J. Hernandez.
Note: "Europe, etc." includes Canada, Australia, and New Zealand.

Figure 50. Share of Arkansas Children Living in Homes Owned by Their Parents, 2000



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

Figure 51. Share of Arkansas Children in Families with Moderate or Severe Housing Cost Burdens, 2000



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

immigrant families from Mexico and Central America speak English fluently and also speak another language at home, and the proportion is nearly as high (40 percent) for children in immigrant families from Asia (figure 49, page 50). These children represent a potential resource for Arkansas and the nation in an increasingly competitive globalized economy. If school curricula are designed to foster bilingualism, the potential of these children (and others) to contribute to a strong U.S. economy may be realized.

Immigrant Families Have High Commitment to Homeownership

Children in immigrant families from Europe, Canada, Australia, and Asia are about as likely as white children in native-born families to have parents who own their homes (73–80 percent; see figure 50 on page 51). Similarly, children in immigrant families from Mexico and Central America are about as likely as children in Hispanic and black native-born families to own their own homes (42–49 percent). Thus, various immigrant and native-born groups with similar levels of economic resources are about equally likely to own their own homes. These results strongly suggest that immigrant families with children in Arkansas have the same commitment as native-born families with children to putting down roots and joining their local communities. These results are especially striking in view of how recently many immigrant families arrived in Arkansas.

Many Immigrant Families Experience High Housing Cost Burdens

Large shares of children in immigrant families—especially those with parents born in Mexico and Central America—experience housing stress; their families spend large shares of their incomes on housing costs (figure 51, page 51). Children in immigrant families from Mexico and Central America live in families that are about as likely as Hispanics in native-born families (16–17 percent) to experience severe housing cost burden, twice the level experienced by whites in native-born families and children in immigrant families from Europe, Canada, and Australia (8 percent), but about one-third less than blacks in native-born families (22 percent).³⁵

There are similar differences in moderate housing cost burden (30–49 percent of income devoted to housing) combined with severe burden. Twenty-nine percent of children in the Mexico and Central America and Asia groups experience these levels of burden, compared with 20 percent of whites in native-born families and 39 percent of blacks in native-born families. The advantage for children in immigrant families from Mexico and Central America compared with blacks in native-born families may in part be related to the proportion with other adult workers in the home for this immigrant group.

Many Immigrant Families Live in Overcrowded Housing

Children with parents born in Mexico and Central American are many times more likely to live in overcrowded housing than children of natives and other children of immigrants (figure 52).³⁶ In 2000, almost one-third (31 percent) of children in immigrant families from Mexico and Central America lived in crowded housing, compared with just 4 percent of Hispanic children of natives, 7 percent of Asian children of natives, 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 unrelated children or adults. Crowded housing conditions may pose challenges for children, including difficulty in finding a quiet place to study. Crowding may also

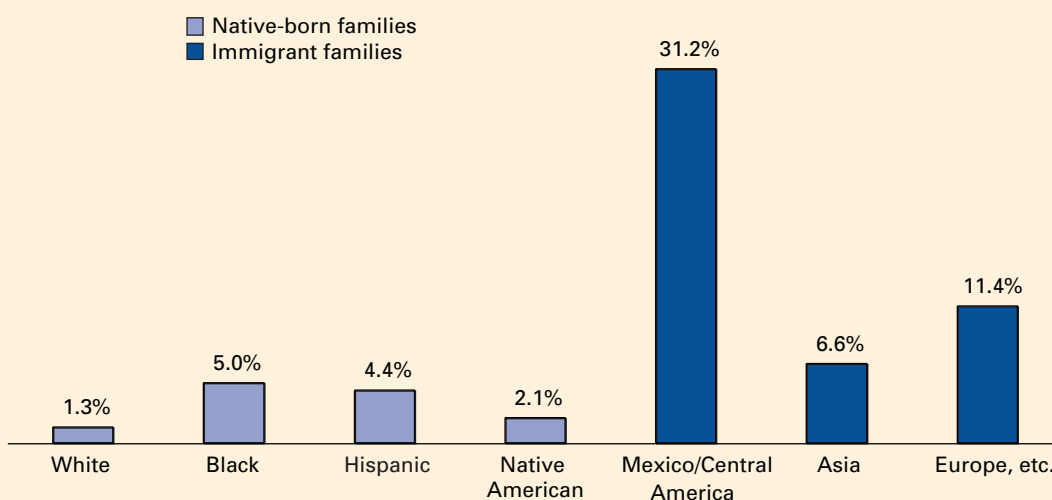
increase the risks of communicable disease and other health problems. Yet, larger households may also include persons who can provide emotional support, child care, or additional family income.

Circumstances of Children in Immigrant Families Vary across Arkansas Regions

Among the five major regions of Arkansas analyzed in this report, the northwest has the highest proportion (11 percent) of children in immigrant families, followed by the west (9 percent). These regions also have the largest proportions of immigrant families with origins in Mexico and Central America (72–74 percent). About 4 percent of children in the south and 2 percent in the northeast live in immigrant families, about half of whom (52–53 percent) have origins in Mexico and Central America. In the central/Little Rock region, where about 4 percent of children live in immigrant families, the largest proportion is from Asia (31 percent), followed by Mexico and Central America and Europe, Canada, and Australia (24 percent each); the remaining 20 percent come from other regions of the world.

Migration is common among children in all regions and in all immigrant and racial/ethnic groups in Arkansas. For most groups with samples sizes large enough to report, the proportion of children age 5 to 17 who moved in the past five years is 45 to 60 percent. The exception is children in immigrant families in the northwest (76 percent). Children in the northwest, northeast, west, and south also have a high proportion (40–50 percent) with a parent in the United States less than 10 years, compared with only 31 percent for children in immigrant families in the central/Little Rock region. These and other differences across regions often reflect the much larger proportion of immigrants in the northwest and west from Mexico and Central America than in other regions—especially central/Little Rock, where only 24 percent of children in immigrant families are from Mexico and Central America.

Figure 52. Share of Arkansas Children Living in Overcrowded Housing, 2000



Source: Calculated from Census 2000 5 percent IPUMS by Donald J. Hernandez.

Note: "Europe, etc." includes Canada, Australia, and New Zealand. Overcrowded housing is more than two people per bedroom.

Children in immigrant families in the northwest and west, for example, are least likely to have a U.S.-born parent, although more than one in four do (28–30 percent). But this share rises to 41 percent in the south and to 50 percent in the central/Little Rock region. Similarly, the proportions of immigrant children with four or more siblings and various other family members and nonrelatives in the home tend to be highest in the northwest and west and lowest in the central/Little Rock region.

The same is true regarding English fluency. Nearly two in five (37–40 percent) children in immigrant families in the northwest and west have no parent at home who speaks English fluently, compared with only 11 percent in the central/Little Rock region, and the proportion of children who are LEP declines from 32–35 percent in the northwest and west to 7 percent in the central/Little Rock region. The northwest and west also are most likely to have potentially bilingual children (38–47 percent), and central/Little Rock the least likely (23 percent).

Differences across regions in parental education and father's work follow the same pattern, with the lowest parental educational attainments and lowest proportions with fathers working full-time year-round among children in immigrant families in the northwest and west and the highest proportions with parents graduating from high school or college and fathers working full-time year-round in the central/Little Rock region. However, the results suggest that children in immigrant families from the northwest and the central/Little Rock region are similar (41–42 percent) in the proportion with a mother working full-time year-round, which is somewhat higher than in the west and south (30–34 percent).

Given these differences, it is not surprising that official poverty rates are lowest (16 percent) for children in immigrant families in the central/Little Rock region, and 30–36 percent in the other regions with sample sizes large enough to report. The baseline basic-budget poverty rates are higher, indicating that the official measure underestimates poverty calculated to included the local cost of food, housing, other necessities, and transportation for parents' work. Among the regions, the lowest baseline basic-budget poverty rate remains, however, in the central/Little Rock region (33 percent); the rates are much higher in the northwest, west, and south (43–58 percent).

Children in immigrant families are about equally likely to live in owned homes if they live in the central/Little Rock region, the west, or the south (62–63 percent), but the proportion is substantially lower among those in the northwest (46 percent), which also has a particularly high proportion who have moved to the region with the past five years. Children in immigrant families in the northwest are somewhat more likely to live in families with moderate to severe housing cost burden (19 percent versus 9–18 percent).

The relatively high numbers of children of immigrants from Latin American countries in the northwest and west are reflected in high shares of students from immigrant families in the public schools in these two regions. Since such a high share of Latin American immigrant families are LEP, the numbers of LEP students in the public schools are increasing most rapidly in the public schools in these regions.

CHILDREN OF IMMIGRANTS AND LIMITED ENGLISH PROFICIENT CHILDREN IN ARKANSAS SCHOOLS

The impact of recent immigration is being felt strongly by Arkansas public secondary and elementary schools. As the number of immigrants increases across the state, the number of children of immigrants is increasing rapidly as well. Since the number of immigrants from Mexico and other Latin American countries is increasing most rapidly, Hispanic children are the fastest growing ethnic group in Arkansas public schools. Many of these children grow up in poor and linguistically isolated households; as a result, low-income and LEP children also compose rising shares of the school-age population.

No Child Left Behind Act Holds Promise for Education of Immigrants' Children

The rapid increase in the number of children of immigrants and LEP children in Arkansas is taking on increasing importance because of the requirements of the new federal No Child Left Behind (NCLB) Act. NCLB requires schools to improve the performance of LEP students—as well as black, Hispanic, Asian, low-income, and disabled students—on assessments of reading and mathematics beginning in 3rd grade (U.S. Department of Education 2002). Many children of immigrants fall into one or more of these protected groups of students.

NCLB also mandates that schools report assessment results for students in these protected groups and that schools be held accountable for improvements in the performance of these students. Schools that do not sufficiently improve the performance of students in these groups over an extended period are subject to interventions, including allowing parents to send their children to another school and offering supplemental services such as after-school programs. Continued failure to meet performance targets will eventually lead to school restructuring and possibly even closure (Capps, Fix, Murray, et al. 2005).

Additionally, NCLB requires schools to measure and improve students' English proficiency, with states held accountable annually for improving English proficiency. The law provides support for states and school districts to create new assessments of English proficiency, as well as alternative assessments—such as native-language tests or accommodations on English-language tests—to help accurately measure LEP students' performance in reading and mathematics.

Finally, parents of LEP students and immigrant parents have the same rights as other parents under NCLB: to be informed of their child's progress on assessments, their school's progress on meeting standards, and their right to transfer their child to another school if the local school fails to progress sufficiently. Parents of LEP children must also be informed about the type of language instruction their children are receiving and that they have the right to refuse bilingual or ESL instruction for their children. NCLB requires schools to communicate with parents in the languages they speak "to the extent practicable" (U.S. Department of Education 2004).

NCLB mandates for the first time that schools disaggregate the performance of LEP students and that schools be held accountable for LEP students' academic progress to the same extent as other students. The law's parental involvement requirements are also new, and they represent an important incentive for schools to reach out to recent immigrant communities. Although NCLB implementation may be challenging for many public schools in Arkansas as the number of LEP students increases, the law also holds great promise for improving the education of immigrants' children—especially LEP children—and enhancing their integration into U.S. society.

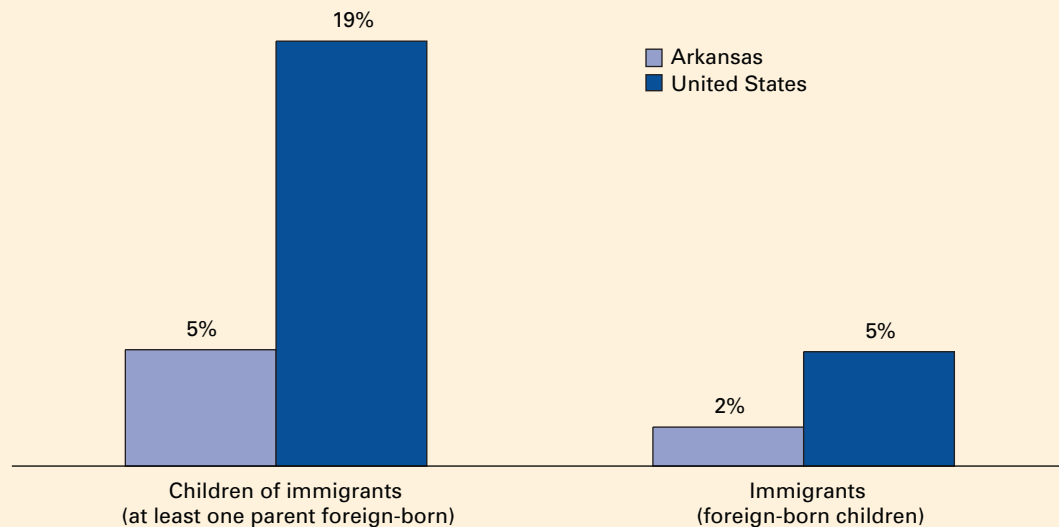
Children of Immigrants Are One in Twenty Arkansas School Children

Although increasing rapidly in number, children of immigrants composed only 5 percent of Arkansas children enrolled in kindergarten through 12th grade in 2000, compared with a nationwide figure of 19 percent (figure 53).³⁷ Only 2 percent of Arkansas schoolchildren were foreign-born, while the comparable nationwide figure was 5 percent. Thirty-one percent of children of immigrants in Arkansas were foreign-born, slightly above the national average (27 percent). Foreign-born children can be more challenging to educate, especially when they arrive during secondary school, because they often speak little or no English and have limited formal education in their home countries.

Hispanic and Immigrant School-Age Children Increasing Rapidly in Number

The number of school-age Hispanic children is increasing rapidly due to immigration and high birth rates among Hispanic immigrants in Arkansas. Between 1990 and 2000, the number of Hispanic children age 5 to 18 increased 325 percent, and the number of immigrant children grew 255 percent

Figure 53. Shares of Arkansas Children of Immigrants and Foreign-Born Children in Grades K–12, 2000



Source: Urban Institute analysis of Census 2000, 5 percent PUMS data.

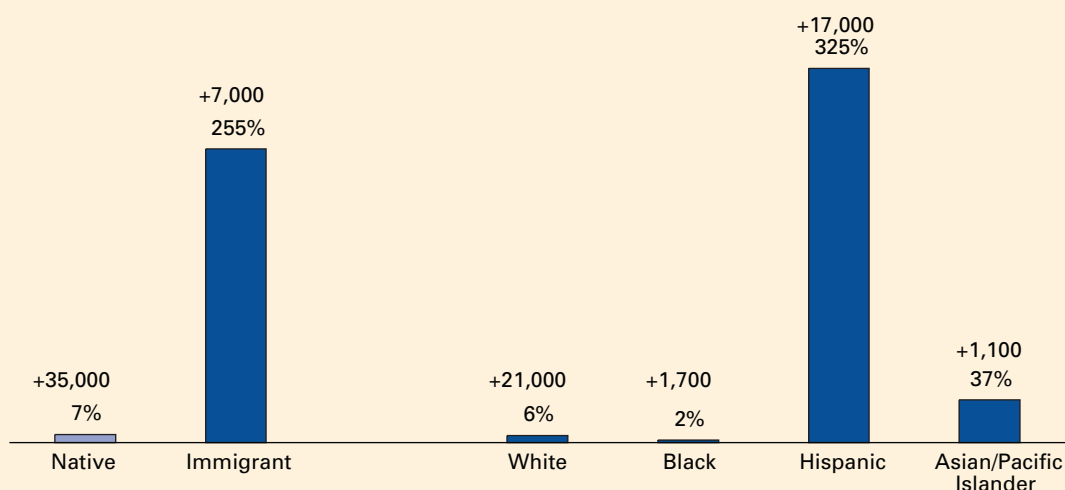
(figure 54). The growth rate among Hispanic school-age children was similar to the growth rate among Hispanics overall (337 percent).

White, black, and Asian school-age populations showed much more modest increases during the 1990s, and the number of school-age children grew substantially more slowly than the overall population in these three ethnic groups. Despite growth in the state's overall white and black populations of 10 percent and 12 percent, respectively, the white school-age population grew only 6 percent and the black school-age population grew only 2 percent during the 1990s. Slower growth in the white and black school-age populations than among the overall population is due mostly to lower birth rates and aging in these populations. The Asian and Pacific Islander school-age population grew 37 percent, only about half the growth rate of the state's Asian population overall (72 percent). Despite rapid growth in the overall Asian/Pacific Islander population because of immigration, the increase of Asian students in Arkansas public schools is not nearly as great as the increase of Hispanic students.

The number of children speaking languages other than English is growing rapidly alongside the number of Hispanic and immigrant students. Between the 1999–2000 and 2004–05 school years, the number of children in Arkansas public elementary and secondary schools speaking a language other than English at home (“language-minority students”) grew 129 percent (Arkansas Department of Education 2005). Over the same five-year time span, the number of LEP students—as determined by tests in the schools—rose 123 percent. The share of language-minority students increased from 3 to 6 percent and the share of LEP students from 2 to 4 percent during these five years. Thus, the numbers and shares of LEP and language-minority students in Arkansas have more than doubled since the census was taken in 2000.

The vast majority of LEP students in Arkansas speak Spanish, although dozens of other languages are spoken in the state. The Arkansas Department of Education (2005) has identified 80 languages other than English spoken by school children across the state. Spanish, however, is the primary language for 83 percent of all students in non-English-speaking homes.

Figure 54. Growth in Arkansas School-Age Population, 1990–2000



Source: Urban Institute analysis of data from Census 2000 Summary File 3 and 1990 Census Summary Tape File 3.

Note: Sample is all children age 5–18.

LEP Students Concentrated in Western Arkansas

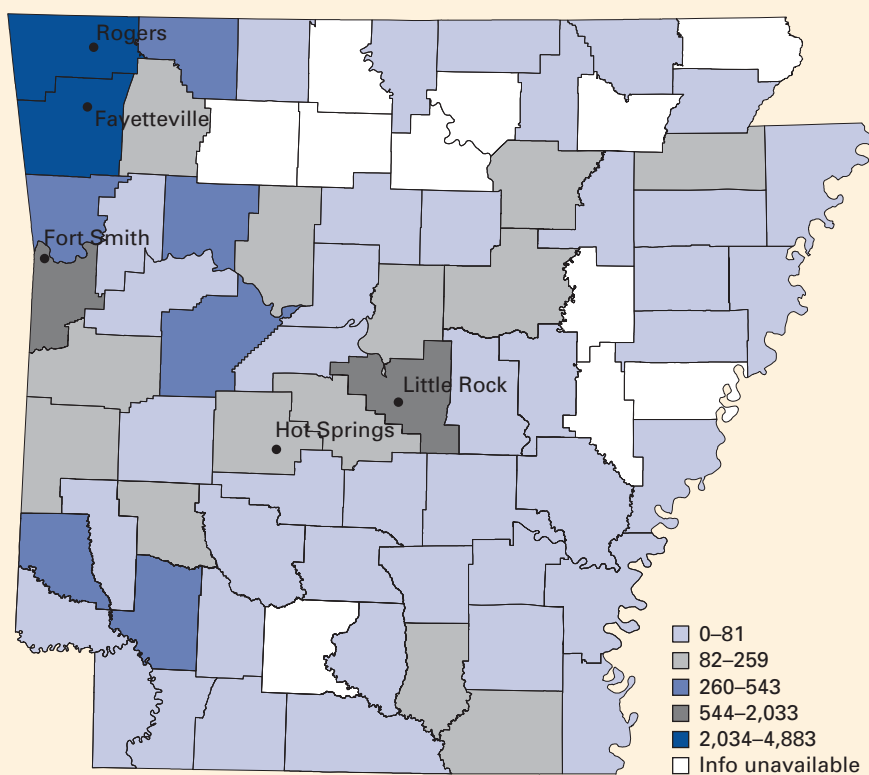
According to Arkansas Department of Education data show, LEP students are concentrated in a handful of school districts.³⁸ In 2004–05, 62 percent of LEP children in kindergarten through 12th grade attended school in just five districts: Springdale, Rogers, Little Rock, Fort Smith, and Fayetteville.

The counties with the most LEP students are all located in the northwest and west, where the most immigrants live (figure 55). The northwestern counties of Washington and Benton (which contain the Springdale, Rogers, and Fayetteville school districts) had the highest shares of LEP students. Sixteen percent of K–12 students in Washington County, and 13 percent in Benton County, were LEP in 2004–05. Three smaller counties—Yell, Carroll, and Hempstead—had LEP student shares between 12 and 13 percent, triple the statewide average (4 percent); since they have small total student populations, these three counties' absolute numbers of LEP students were smaller than those of some larger counties. LEP student shares were lowest (under 1 percent) in all of the northeast and most of the southern part of the state.

LEP Enrollment Increasing Most Rapidly in Smaller Counties across the State

LEP enrollment is growing most rapidly in scattered smaller counties with lower absolute numbers of LEP students (figure 56). The six counties with the largest percent changes in LEP enrollment

Figure 55. Number of LEP Students by Arkansas County, 2004–05 School Year

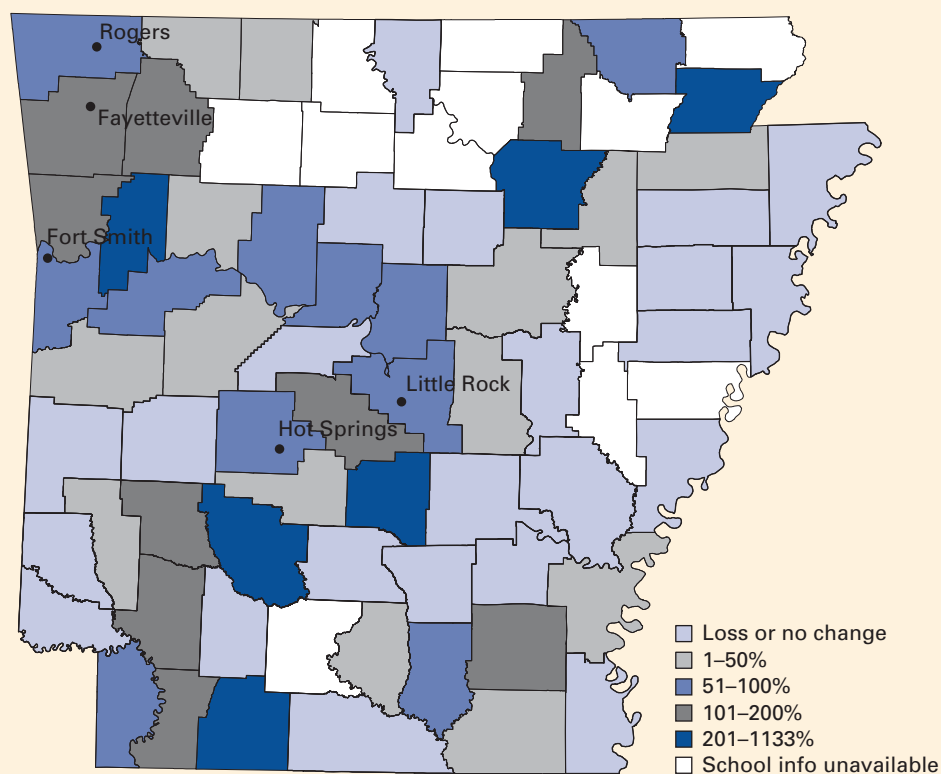


Source: Arkansas Department of Education, 2005.

between the 2000–01 and 2004–05 school years were Clark, Columbia, Franklin, Grant, Greene, and Independence.³⁹ LEP enrollment in all these counties increased more than 200 percent during this period, but all six counties had fewer than 50 LEP students in 2000–01. Even following rapid growth, five of these counties had fewer than 50 LEP students in 2004–05, and the sixth had fewer than 150 LEP students.

Growth in the absolute number of LEP students, however, is much greater in the counties with larger student populations. Washington County had the most absolute growth from 2000–01 to 2004–05, adding nearly 2,600 LEP students during this period. LEP enrollment increased by more than 1,500 in Benton County, by more than 700 in Sebastian County (Fort Smith), and by 650 in Pulaski County (Little Rock).⁴⁰ No other county grew by more than 260 LEP students.

Figure 56. Percentage Change in LEP Enrollment by Arkansas County, 2000–01 to 2004–05 School Years



Source: Arkansas Department of Education, 2005.

CONCLUSION

Immigrants are mostly moving to Arkansas for work, but the fastest growth in the immigrant labor force is among those with less than high school educations. Demand for workers in manufacturing and several other lower-skilled industries is driving much of the low-skilled migration to Arkansas. There is also growing demand for immigrant workers in such high-skilled occupations as physicians and other health-care occupations. Because the native-born population is aging and many workers are nearing retirement age, the demand for foreign-born workers will likely continue to increase. Thus, the trends in immigration discussed in this report may well accelerate, and their impacts on Arkansas economic, social, and political institutions may increase substantially in the future. Following are highlights from the report:

- **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). 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 is located between the Midwest and the Southeast, two regions with explosive recent growth in immigrant populations. The strong economic and population growth of these states will likely continue to be influenced heavily by immigration in the future.
- **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. The predominant language of Arkansas immigrants is Spanish, and since so many are recent arrivals, the demand for English language instruction for immigrants and their children will continue to increase.
- **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. As long as demand for low-skilled workers continues to grow in industries such as manufacturing, the flow of undocumented immigrants to Arkansas is likely to continue.
- **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. Benton and Washington had foreign-born population shares (11 percent) near the national average (12 percent), but foreign-born shares were much lower in the other large counties in the state. Most counties with large immigrant populations shares were economically prosperous, with native-born poverty rates below the statewide average in 2000. The Rogers-Springdale-Fayetteville area’s unemployment rate was half the national average during the late 1990s. Inflows of immigrant workers to these regions of the state are likely to continue to be associated with strong economic performance for some time.

- **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 (2 percentage points), as did poverty among Hispanics (3 percent). Thus, immigration has been associated with improvements in poverty and living standards for most native-born Arkansas residents. The only groups experiencing significant increases in poverty are the most recent immigrants themselves.
- **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 older had not graduated from high school, over three times the rate for native-born adults (24 percent). Relatively high shares of Central American immigrants (61 percent) and Southeast Asian immigrants (34 percent) also lacked high school degrees. Lower-skilled Latin American immigrants and some Southeast Asian refugees are filling jobs in manufacturing and other low-skilled sectors.

In contrast, other Asians, Europeans, and immigrants from other areas (primarily South America and Africa) are more likely than native-born adults workers to have high school degrees. Further, over half of Asian immigrants except Southeast Asians (52 percent) had four-year college degrees in 2000, compared with just 17 percent of natives. About one-quarter (24 percent) of Southeast Asian and European immigrants had college educations, as did over one-third (35 percent) of immigrants from other regions. Asian and European immigrants are filling jobs in education, health care, social services and other high-skilled sectors. As demand for these services—particularly health care—increases with the aging of the baby boom generation, higher-skilled immigrants will become a more important component of the Arkansas workforce.

- **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 of natives. Asians (excluding Southeast Asians) had the highest wages of any group: \$14 an hour. Immigrants with college degrees earned \$16.50 an hour on average, twice the wage for immigrants without high school degrees (\$8.00). In addition, immigrant and native-born workers earn similar wages at similar education levels, suggesting that adult education for immigrants could improve their productivity and income.
- **The manufacturing industry employs by far the most Arkansas immigrants.** In 2000, 42 percent of immigrants were employed in manufacturing, with the majority (56 percent) working in poultry or other meat processing. Between 1990 and 2000, Arkansas’ native-born manufacturing workforce fell 4 percent (by approximately 9,000 workers), while the immigrant workforce quadrupled (by about 12,000 workers). Were it not for the large influx of mostly Mexican-born immigrants, the Arkansas manufacturing sector would have experienced employment contraction during the 1990s. Immigrants will continue to be an important part of the manufacturing workforce if these trends continue.

- **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—meaning 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. Ongoing immigration from Latin American countries is likely to increase the number of Hispanic children in Arkansas rapidly for the foreseeable future, as Hispanics immigrants have the highest birth rates of any group.
- **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 85–89 percent for children of immigrant (with some variation by parental origin), compared with 81 percent for whites in native-born families, 73 percent for Native Americans, 58 percent for Hispanics, and 45 percent for blacks. Thus, children in immigrant families are considerably more likely to have two parents available in the home to provide for their social, emotional, and economic needs. The very large differences between the children in the Hispanic immigrant and native-born groups, however, suggest an important question. What public policies might foster continuing strong families among Hispanic immigrants as the next, U.S.-born generation grows to maturity in Arkansas?
- **Children of immigrants are as likely as natives to live in working families.** Among children living with their fathers, over 90 percent of both children of immigrants and those of natives had working fathers in 2000. The only exception was black children, 84 percent of which had employed fathers. The share of children with employed mothers ranged from 68 to 75 percent for children of natives and those in most immigrant families—except Mexican and Central American families, where the maternal employment rate was lower (56 percent). However, 24 percent of children with Mexican or Central American parents had an adult worker other than a parent in the home. This proportion is much higher than the proportions for other immigrant and native-born groups (which ranged from 7 to 19 percent). Thus, immigrant families are more likely than natives to have two parents *and* have working fathers in the home, while in some Mexican and Central American families, other adults replace mothers as workers.

The fact that about half of mothers in Mexican and Central American families are *not* working raises several other important questions. Do Latin American immigrant women face barriers to work or child care, and, if so, what policies could help them overcome these barriers? Alternatively, is the presence of a nonworking mother in these families an important community resource—for instance, for providing child care to other families or volunteering in local schools or other settings?

- **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). High poverty among Hispanic children of immigrants suggests that they—like native-born Hispanic and black children—need health care, social services, and educational support—for instance through Head Start or other early education programs.

- **Homeownership rates are similar between immigrant and native families, when controlling for race and ethnicity.** Children in immigrant families from Europe, Canada, Australia, and Asia are about as likely as white children in native-born families to have parents who own their home, with rates ranging from 73 to 80 percent among these groups. Similarly, children in immigrant families from Mexico and Central America are about as likely as children in Hispanic and black native-born families to have parents who own their own homes (42–49 percent). Thus, immigrants and natives from similar racial and ethnic backgrounds are similarly likely to own their own homes, suggesting a strong commitment among immigrant families to putting down roots and joining their local communities. These results are especially striking in view of how recently many immigrant families arrived in Arkansas.
- **Children with parents born in Mexico or Central America are three to six times more likely to live in overcrowded housing 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.

High rates of crowding demonstrate the importance of strategies to aid immigrants in finding low-cost housing. Crowded housing conditions may pose challenges for children, including difficulty in finding a quiet place to study. Crowding may also increase the risks of communicable disease and other health problems. On the other side of the equation, larger households may also include persons who can provide emotional support, child care, or additional family income.

- **Limited English proficient students are concentrated in a handful of school 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. The northwestern counties of Washington and Benton (which contain the Fayetteville, Rogers, and Springdale school districts) had the highest shares of LEP students: 16 and 13 percent, respectively. Three smaller counties—Carroll, Hempstead, and Yell—had LEP student shares between 12 and 13 percent, triple the statewide average (4 percent). LEP student shares were lowest (under 1 percent) in the northeast and most of southern Arkansas. The number of LEP students in Arkansas rose 123 percent between 1999–2000 and 2004–05.

The rapid increase in the number of LEP children is occurring at the same time as the implementation of the federal No Child Left Behind Act, which requires schools to report test scores separately for LEP students and holds them accountable for the performance of these students. As more schools cross the threshold for reporting LEP students' scores, they will feel pressure to focus on the education of these students. Thus, the requirements and sanctions in NCLB hold great promise for improving the education of children in Arkansas, but they also pose challenges for the state's public school systems during an era of fiscal constraints. Despite these challenges, the education of immigrants' children represents an important investment in Arkansas' future workforce that could pay important returns to the state through increased worker productivity and economic growth.

NOTES

1. Throughout this volume, we refer to the “foreign-born population” and “immigrants” interchangeably. These are people who were not U.S. citizens at birth. The “native-born” population refers to people born inside the United States and its territories (e.g., Puerto Rico), as well as those born abroad to U.S. citizen parents.
2. These states, in order of population, are California, New York, Texas, Florida, Illinois, and New Jersey.
3. We follow the U.S. Bureau of the Census in defining Hispanics as those who classify themselves in one of the specific Hispanic origin categories: Mexican, Puerto Rican, Cuban, and Dominican, as well as Central American or South American (Spanish-speaking countries). Persons who identify themselves as “Other Spanish/Hispanic” are those who originate in Spain or who identify themselves generally as Spanish, Spanish-American, Hispanic, Hispano, Latino, and so on. Hispanic is an ethnic designation. Hispanics may be of any race, and many Arkansas Hispanics are classified as members of a residual race category.
4. Throughout this volume, “Latin American” immigrants are those born in Mexico, Central America, Latin America, or the Caribbean. In most but not all cases, they are Hispanic. Some Hispanic immigrants may also have been born outside Latin America, but answered “Hispanic” on the ethnicity question in the census.
5. Based on Urban Institute analysis of data from the 2004 and 2005 U.S. Current Population Survey Annual Social and Economic Supplements, March. For a description of the citizenship and legal status categories used throughout the report, see figure 2. For our methodology of assigning citizenship and legal status to respondents in the Census and Current Population Survey, see Passel (2005).
6. Most *legal* immigrants are eligible to naturalize and become citizens after five years of U.S. residence, so more recent immigrant populations have fewer naturalized citizens. Latin American immigrants are less likely to naturalize than immigrants from Asia, Europe, and other regions of the world (Fix, Passel, and Sucher 2003). Yet, in 2004 the vast majority of undocumented immigrants nationally had arrived in the United States since 1990 (86 percent) and were from Latin American countries (81 percent; see Passel 2005).
7. Throughout this report, we define “low-wage” work as an average hourly wage of twice the minimum wage, or \$10.30 an hour in 1999.
8. Undocumented immigrants and legal immigrants in the United States less than five years are ineligible for most federally funded public benefits, including welfare, food stamps, and health insurance coverage through Medicaid and other programs. Arkansas, like most other states, does not provide additional public assistance for immigrants ineligible for these federal programs (Zimmermann and Tumlin 1999).
9. Unpublished working-age population projects by Jeffrey S. Passel, Pew Hispanic Center, 2005.
10. In this figure and throughout this report, foreign-born Pacific Islanders are placed in the Asian category when doing comparisons by racial or ethnic group but placed in the Oceania group when doing comparisons among country or region-of-origin groups.
11. East Asian countries are China, Hong Kong, Taiwan, Japan, Korea, Macau, and Mongolia. Southeast Asian countries are Cambodia, Indonesia, Laos, Malaysia, Philippines, Thailand, Vietnam, Brunei, Myanmar, and Singapore. Middle Eastern countries are Iraq, Israel, Jordan, Lebanon, Syria, Turkey, Armenia, Georgia, Azerbaijan, Bahrain, Cyprus, Kuwait, Oman, Qatar, Saudi Arabia, United Arab Emirates, and Yemen. South Central Asian countries are Afghanistan, Bangladesh, India, Iran, Pakistan, Bhutan, Kazakhstan, Kyrgyzstan, Maldives, Nepal, Sri Lanka, Tajikistan, Turkmenistan, and Uzbekistan.
12. Throughout this report, foreign-born Pacific Islanders are placed in the Asian category when making comparisons by racial or ethnic group, but they are placed in the Oceania group when making comparisons among country or region-of-origin groups.

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13. Nationally, there is a strong association between undocumented status and immigration from Mexico and other Latin American countries, as 81 percent of the undocumented population is composed of Latin American immigrants (Passel 2005).
 14. We average two years of CPS-ASEC data here to increase sample size and the precision of our estimates. According to our definition, undocumented immigrants are those who entered the United States illegally (often across the border with Mexico), overstayed a valid visa (such as a tourist or student visa), or otherwise violated the terms of their immigration status. See figure 2 for details.
 15. LPRs are immigrants admitted permanently to the United States, usually for employment or because they have a close family member who is a U.S. citizen or LPR. After five years—three years if married to a U.S. citizen—LPRs are eligible to apply for citizenship. In most cases, they must pass a naturalization test to become citizens. See figure 2 for details.
 16. See figure 2 for a fuller definition of these groups of immigrants.
 17. Throughout the report, South American and African immigrants are combined as “other world regions” because census samples were insufficient to show results for these groups separately. Central Americans are grouped with Mexicans because they are similar to Mexicans in terms of income, poverty, and educational attainment.
 18. Southeast Asians were separated from other Asians because they predominantly entered the United States as refugees while other Asian immigrants entered through other legal immigration channels.
 19. The 2005 ACS only reported data for the 10 counties listed in table 2. The foreign-born share of the population may be higher in some other counties with smaller total populations. It may also be possible that one or two other counties with larger total immigrant populations are not included here, but that is unlikely, as these are the 10 largest counties in the state in total population.
 20. The Census Bureau’s data sets from 2000 to 2004 do not yield consistent estimates of the number of Marshall Islanders in Arkansas. According to the 2000 Census 5 percent PUMS, there were 1,377 Marshall Islanders in Arkansas in 2000. The 1 percent PUMS 2000 counted 2,604 Marshall Islanders in the state in 2000. The 2000 Census SF3 estimated that 753 Arkansas residents were born in the Marshall Islands. Finally, the 2004 ACS PUMS estimated there were 732 Marshall Islanders in Arkansas in 2004. The 2005 ACS does not identify Marshall Islanders as a separate group.
 21. Christopher Leonard, “What Price Paradise?” *Arkansas Democrat-Gazette*, 16 January 2005.
 22. Kemba J. Dunham and Kortney Stringer, “Wal-Mart Fosters a Region’s Rise, but Not All Benefit,” *The Wall Street Journal*, 10 February 2005.
 23. Employment rates were calculated for adults age 18 to 64 who did not report an employment disability. Employed adults (or “workers”) are all those who answered the census question about current employment with “Employed, at work,” “Employed, with a job but not at work,” “Armed forces, at work,” or “Armed forces, with a job but not at work.”
 24. Full-time year-round workers averaged 35 or more hours a week of work for 48 or more weeks during 1999.
 25. In this section of the report, industries are defined using the major industry categories in the census. The census also categorizes workers by more detailed and narrower subcategories of industries, but these were not analyzed for this report.
 26. Dunham and Stringer, “Wal-Mart Fosters a Region’s Rise.”
 27. It is possible that the share of immigrants is higher in some less-common major industry categories or in some of the narrower subcategories available in the census. Unfortunately, sample sizes were not sufficient to permit analysis of immigrants working in other major industry categories or in the narrower subcategories.
 28. In this report, we subdivide Arkansas into five broad regions: northwest, west, northeast, central/Little Rock, and south. These regions were developed by combining groups of counties with common geographic, demographic, and economic factors. The regions were developed based on sample sizes in the 2000 Census data and through consultation with the project’s advisory committee in Arkansas.
 29. Hourly wages were calculated by dividing wage and salary income (as well as self-employment income, in the case of family workers and the self-employed) by the number of hours the respondent reported working in 1999 (number of weeks worked multiplied by the average number of hours worked a week). Only individuals who had wages greater than zero were included in the calculation of the median wage.
 30. The 2000 Census measured income and poverty for the year before the survey (1999). In 1999, the federal poverty level was \$17,029 for a family of four, slightly higher for larger families and lower for smaller families.
 31. In our analysis of the census data, we define families as individuals or nuclear family groups (parents and minor children). Our “family” differs substantially from that used by the Census Bureau for their official data: their families include larger groups of relatives living together, and they *exclude* individuals from family income calculations. Additionally, we *exclude* public assistance income from income and poverty calculations.
 32. Poverty rates were not calculated for counties with fewer than 100 foreign-born cases in the census. It is possible that poverty is higher in some rural areas with small populations than in the counties with larger immigrant populations displayed in the map.
 33. Children are below age 18. Children of immigrants have at least one foreign-born parent, while those of natives have only U.S.-born parents.

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34. If sample size permitted more detailed analysis, we would, however, very likely find important variability within the broad groups, perhaps most notably across different Asian and Pacific Islander groups.
 35. Severe housing cost burden is defined as devoting 50 percent or more of household income to pay for housing (including utilities). Moderate housing cost burden is spending 30 to 49 percent on housing.
 36. Overcrowded housing is more than two persons per bedroom.
 37. These figures are based on school enrollment and completion data in the census, with the analysis restricted to students age 3 to 21.
 38. Data on LEP enrollment by county were obtained directly from analysts at the Arkansas Department of Education.
 39. The 2000–01 school year was the first year for which LEP enrollment was available for many Arkansas counties from the Arkansas Department of Education.
 40. Only 3 percent of Pulaski County’s students were LEP in 2004–05, compared with over 11 percent in Washington, Benton, and Sebastian counties.

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SUMMARY

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 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. The rapid recent growth of the immigrant population in Arkansas has led to significant questions about their impact on the state's economy and finances, questions that this report seeks to address.

This is the second of two volumes commissioned by the Winthrop Rockefeller Foundation to provide a full discussion of 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. This volume discusses the economic impact of immigrants on Arkansas through their purchasing power, business cost savings, spin-off jobs, and overall contribution to economic growth. The volume also provides a detailed accounting of immigrants' direct and indirect tax contributions, along with fiscal costs associated with public education, health care, and corrections. Following are highlights from the report:

- The immigrant presence in Arkansas is substantial and growing. While concentrated in a handful of counties, immigrants' presence is diffusing both geographically and across sectors of the economy. Immigrants and their minor children make up 4.5 percent of the state's population and have been responsible for much of the recent population increase.
- For the most part, the growth of the immigrant population in Arkansas has been a form of labor replacement. Although it rebounded in 2005, total private employment in Arkansas declined by 1 percent, or by about 6,500 jobs, between 2000 and 2004. During the same period, the immigrant population—including both the foreign-born population and native-born children living with immigrant parents—rose from 98,000 to 123,000. The manufacturing industry, which has been shedding employees since the mid-1990s, has grown particularly dependent on immigrant workers.
- The total economic impact of immigrants on the Arkansas economy is almost \$3 billion. Arkansas immigrants had an estimated total after-tax income of \$2.67 billion in 2004. Approximately 20 percent of this was sent home to families abroad, saved, or used for interest payments. The remaining spending had a total impact of \$2.9 billion on the state, much of which was concentrated in four counties (Benton, Washington, Sebastian, and Pulaski). Nine counties (Benton, Craighead, Crawford, Faulkner, Garland, Pulaski, Saline, Sebastian, and Washington) had immigrant populations with at least \$50 million in purchasing power—that

is, income available for spending in the local community after taxes, savings, and remittances have been subtracted.

- 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 had a fiscal impact on the state budget of around \$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 revenue, immigrant workers contribute substantially to the economic output of the state and to the cost-competitiveness of key industries. For example, without immigrant labor, the output of the state's manufacturing industry would likely be lowered by \$1.4 billion—or about 8 percent of the industry's \$16.2 billion total contribution to the gross state product. Conversely, the state's manufacturing wage bill would have been as much as \$95 million higher if the same output were 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. At the same time, if the experience of other states is any guide, family reunification and family formation 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.

IMPACTS OF THE IMMIGRANT POPULATION ON THE ARKANSAS ECONOMY

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 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. The rapid recent growth of the immigrant population in Arkansas has led to significant questions about their impact on the state's economy and finances.

Immigrants affect the Arkansas economy through their purchasing power, business cost savings, spin-off jobs, and overall contribution to economic growth. Immigrants influence the state economy through direct and indirect tax contributions. As with all populations, immigrants also create fiscal costs for the state, particularly in public education, health care, and corrections.

This report quantifies the economic impacts of Arkansas' immigrant population, both now and in the future. We begin by defining the Arkansas immigrant population and quantifying its size. The characteristics of immigrants are described in more detail in the first volume. This volume goes on to estimate the impact of immigrant consumer spending, the net balance of the immigrant population's contributions and costs on the state budget, and the effect of immigrant workers on the total economic output and competitiveness of the state. The report closes with an estimate of how much the economic impact of immigrants on Arkansas is likely to increase in the future.

How Do We Define the Immigrant Population?

We use the term “immigrant population” to refer to the foreign-born and their coresident minor children. The foreign-born are those who were not U.S. citizens at birth. This includes naturalized U.S. citizens, lawful permanent residents (immigrants), temporary migrants (such as students), humanitarian migrants (such as refugees), and persons in the United States illegally. Natives are those who were born in the United States, Puerto Rico, Guam, American Samoa, the U.S. Virgin Islands, or the Northern Mariana Islands, or those who were born abroad of at least one U.S. citizen parent (Larsen 2004).

Because international immigrants tend to be young adults who form or expand families, we include their native-born (and therefore U.S. citizen) children as part of the immigrant population. These “immigrant households,” where one or both parents are foreign-born, are important in the contemporary policy debate. For the purposes of our analysis, these native-born children are no longer classified as a part of the immigrant population once they leave the parental household; spouses and other coresident adults who are born in the United States or born abroad to U.S. parents are also not considered immigrants in this report.

International immigrants form a diverse set of people, from the elderly coming to join established adult children to young people running serious risks to their safety for the prospect of a better job to well-paid multinational executives who may remain in the United States for only a few years to refugees seeking to escape persecution. All these types of immigrants live in Arkansas. Although the categorization hardly does justice to the varieties of motivations, capabilities, or contributions, we classify the Arkansas population into five broad racial and ethnic groups: non-Hispanic whites, non-Hispanic blacks, non-Hispanic Asians, non-Hispanic others, and Hispanics. The two largest foreign-born groups in Arkansas are Hispanics and Asians.

We follow the U.S. Bureau of the Census in defining Hispanics as those who classify themselves in one of the specific Hispanic-origin categories: Mexican, Puerto Rican, Cuban, Dominican, as well as Central American or South American (Spanish-speaking countries). Persons who identify themselves as “Other Spanish/Hispanic” are those whose origins are in Spain or who identify themselves generally as Spanish, Spanish-American, Hispanic, Hispano, Latino, and so on. Hispanic is an ethnic designation. Hispanics may be of any race, and many Arkansas Hispanics are classified as members of a residual race category.

We also follow the Census Bureau practice of defining Asians as those who classify themselves as such. Arkansas Asians are most likely to have family origins in Vietnam, Laos, the Philippines, China, and India.

We have not attempted to measure the citizenship status of Arkansas’ immigrant population. Some have resided in the United States for decades. Many younger members of the immigrant population were born in the state.

How Do We Measure the Immigrant Population?

The Bureau of the Census regularly measures the nativity and ancestry of U.S. residents through surveys. The most reliable measures are part of the decennial census but are also conducted annually as a component of the American Community Survey (ACS). In both cases, direct questions are posed to sampled individuals.

Unfortunately, for all but the census years, such information is either not sufficiently reliable to accurately measure the size of an immigrant population as small as Arkansas’ or not collected in conjunction with other information needed for our analysis. The 2004 wave of the ACS, for example, includes fewer than 340 foreign-born Arkansas residents. That is too few to adequately measure the population of immigrants in the state.¹ Therefore, we based our analyses on the direct measures of nativity and ancestry for the census years 1990 and 2000 but relied on our own estimates of the immigrant population for our analysis of 2004 and forecasts to 2010. We concentrated our analysis on 2004, the latest year for which much of the fiscal and economic information we used in our analyses is available.

Arkansas has not traditionally been a large immigrant destination. According to the census data for 1990 and 2000, there were 25,000 and 73,000 foreign-born residents in Arkansas, respectively, corresponding to 1.1 and 2.7 percent of the state population.² The population of immigrants and their coresident minor children, as defined above, amounted to 98,000 in 2000 and constituted 3.6 percent of the state’s population.

We constructed our estimates of the immigrant population for 2004 by projecting forward the native population of 2000, measured by the census enumeration, and then classifying the difference between our projections (assuming no migration) and the census estimates for 2004 as migrants.³ The proportion foreign-born in each racial category in 2000 was used to allocate international and domestic migrants. Children born after 2000 were allocated proportionately to native and foreign-born parents.

Based on these projections, an estimated 123,000 people in Arkansas' 2004 population were immigrants, including foreign-born adults and children as well as native-born children living with at least one foreign-born parent. Together, immigrants represented 4.5 percent of the state's total population. There were 79,000 Hispanics living in immigrant households in 2004. They constituted 64 percent of Arkansas' immigrant population and 65 percent of Arkansas Hispanics. There were also 21,000 Asians in immigrant households in 2004, making up 17 percent of the state's immigrant population and 85 percent of Arkansas Asians.

Although they make up 13 percent of the immigrant population, less than 1 percent of the state's non-Hispanic whites are foreign-born. The small remainder of the immigrant population is spread over several racial categories.

We forecasted the statewide immigrant population in 2010 by combining the census population projection for the state with projections of recent trends in native fertility. We allocated the remainder of the population—that is, the population not accounted for by the projection of the native population—to the immigrant population. The Census Bureau projects a 2010 Arkansas population of 2,875,000, of which, if present trends continue, 179,000 (6 percent) will be in immigrant households.

How Do We Assess Economic Impact?

We will address three key issues concerning the economic impact of Arkansas' immigrant population:

- the impact of immigrant consumer spending on the state and its communities;
- the net balance of the Arkansas immigrant population's contributions and costs on the state budget; and
- the effect of immigrant workers on the total economic output and competitiveness of the state, concentrating on the impact of Hispanic immigrants.

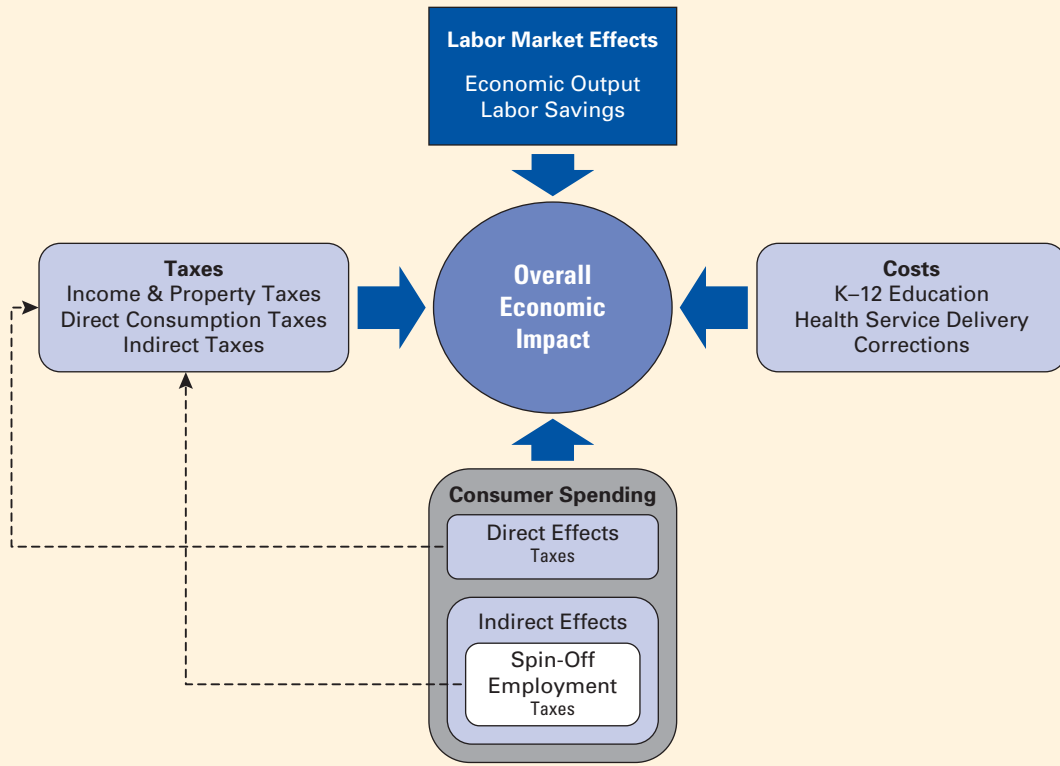
Figure 1 depicts our conceptual framework for assessing the overall economic impact of immigrants on Arkansas. On the contributions side, we focus largely on those that accrue to the state from three sources:

- **Consumer spending.** This is the total immigrant after-tax personal income available for local spending on goods and services. Such spending has both direct and indirect effects on Arkansas business revenues and employment. Immigrant purchases also contribute to a host of state and local taxes including, among others, sales tax, highway use tax, motor fuel tax, alcohol tax, and cigarette tax.
- **Payroll and property taxes.** Immigrants directly contribute to Arkansas's revenue base through taxes on their earnings and property.⁴
- **Industry competitiveness.** Immigrant workers benefit Arkansas industries by augmenting the labor supply and economic output at competitive wages and salaries.

On the costs side, we estimate the financial impact of immigrants on three major public costs that are typically considered in immigrant impact studies: K–12 education, health service delivery, and corrections.

For much of our analysis, we used an input-output software package known as IMpact analysis for PLANning (IMPLAN). This model is based on interindustry purchasing and consumption patterns along with local production, retail, and service availability. IMPLAN traces consumer spending through more than 500 sectors of Arkansas' economy to generate various economic impacts at the state, metropolitan area, and county levels.⁵

Figure 1. Conceptual Framework for Assessing the Economic Impact of Immigrants in Arkansas



Source: Kenan Institute of Private Enterprise, 2006.

What Data Did We Use to Estimate Immigrant Economic Impact?

Buying-power data for the resident Arkansas immigrant population were the primary inputs to the IMPLAN model. There are no direct measures of immigrants' local buying power, which is defined as their disposable personal income. We, therefore, estimated buying power by using county-level estimates of personal income for 2004 adjusted for direct personal taxes and estimates of the state's immigrant population by county weighted by a regional immigrant earnings differential.

Generally, disposable personal income is spent locally. However, Arkansas' immigrants (especially the more recently arrived) typically remit substantial portions of their income to their countries of origin. Based on recent research on immigrants in "expansion states" in the southeastern United States, we deflated immigrants' buying power by 20.1 percent before beginning our analysis (De Vasconcelos 2004; The Pew Hispanic Center 2005; Woodward 2005). This reduction takes into account not only the estimated average remittances (14.1 percent of disposable income) but also savings (3.7 percent nationally) and interest payments (2.3 percent nationally) that also reduce local spending. The proportion of income remitted is higher among very recent arrivals but correspondingly lower among those who have brought over or established families.

County-level estimates of 2004 aggregate personal income were obtained from the U.S. Bureau of Economic Analysis (BEA) Regional Economic Information System.⁶ A statewide estimate of the proportion of personal income going to personal current taxes (which is mainly federal and state income taxes and does not include consumption taxes)⁷ was applied to the personal income estimates

to calculate disposable personal income (the total after-tax income people receive that is available for spending or saving).

County-level estimates of the immigrant population were made by weighting the statewide proportions of each of five racial and ethnic groups by each county's population composition.

A plausible method of income apportionment would be to distribute income proportionally among population groups. Because of differences in sector, occupation, and other factors, however, immigrant earnings often differ significantly from those of the U.S. population as a whole. We therefore introduced a county-specific relative earnings differential, calculated from statewide Census 2000 Public Use Sample data, into the allocation. Data on aggregate income (for those age 16 and older) and immigrant and native populations for each of the five racial and ethnic groups were used to create the relative weighting factor.

Arkansas has 75 counties, but only four—Benton, Washington, Sebastian, and Pulaski—have more than 10,000 immigrant residents. All the rest have fewer than 5,000 immigrant residents, and 42 counties have fewer than 1,000. To reduce statistical error in the estimates of immigrant buying power, our county-level estimates of population and disposable personal income were aggregated into five regions—northeast, central, south, west, and northwest—before being allocated among immigrant and nonimmigrant populations. The earnings differential was calculated for each region separately to preserve the effects of local industry structure. The counties included in each region are shown in the appendix map on page 18.

Methods and data used to estimate immigrant tax contributions, labor output, and wage savings to Arkansas' industries, as well as immigrant public costs, will be described separately later in the report.

What Is the Estimated Impact of Immigrant Spending on the State?

Arkansas' immigrants had an estimated \$2.67 billion in buying power (after-tax income) in 2004. Even after discounting their buying power by 20 percent to account for remittances, savings, and interest payments, immigrants' purchases rippled through the state's economy, creating an overall economic impact of \$2.9 billion in 2004.

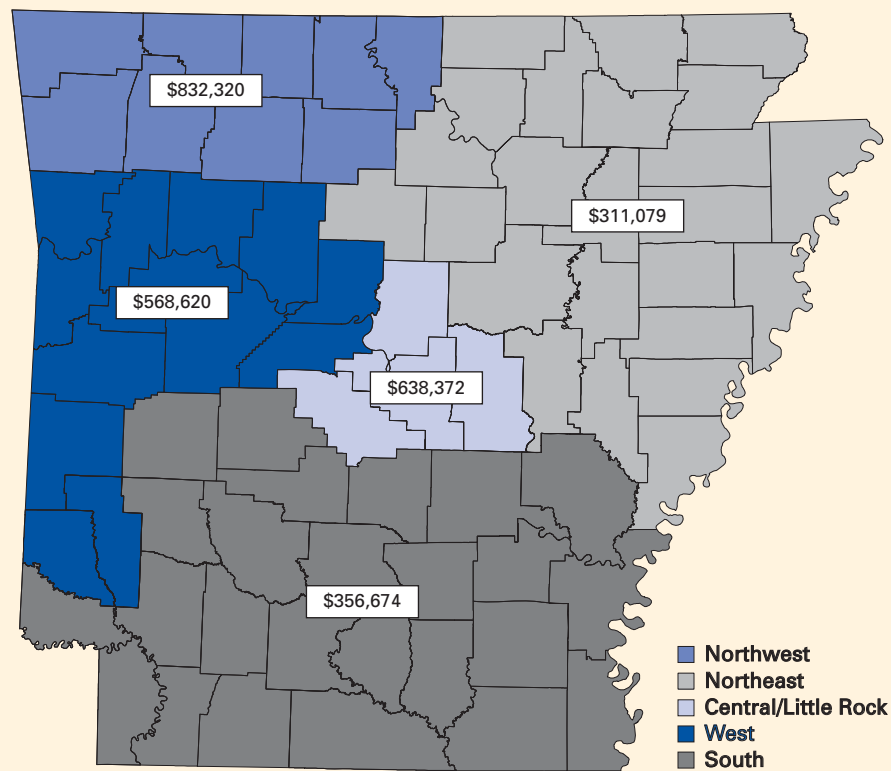
The indirect effects of immigrant spending in Arkansas include 23,100 spin-off jobs and \$618 million in additional labor income in 2004. Immigrant spending also was responsible for \$144 million in additional state tax receipts and \$149 million in federal taxes; some of the latter eventually flows back to the state. As table 1 shows, these contributions have increased considerably since 2000 and monumentally since 1990.

Table 1. Economic Impact of Immigrant Spending in Arkansas, 1990–2004
(thousands of dollars, except where noted)

	1990	2000	2004
Total economic impact	\$452,624	\$2,024,755	\$2,912,631
Spin-off employment (number of jobs)	3,600	16,000	23,100
Spin-off labor income	\$96,089	\$429,842	\$618,332
Spin-off state taxes	\$22,344	\$99,952	\$143,781
Spin-off federal tax impact	\$23,218	\$103,864	\$149,409

Source: Kenan Institute of Private Enterprise, 2006.

Figure 2. Economic Impact of Immigrants in Arkansas Regions, 2004 (thousands of dollars)



Source: Kenan Institute of Private Enterprise, 2006.

How Does Immigrant Spending Affect Arkansas' Regional Economies?

In 2004, 52.1 percent of the economic impact of Arkansas's immigrants was concentrated in the state's northwest and west—much of that concentrated in three counties, Benton, Sebastian, and Washington. With the addition of the central region—most importantly, Pulaski County—the total fraction of immigrant economic impact rises to 75.6 percent.

For example, in addition to generating \$852 million in business revenues and 6,500 spin-off jobs, immigrant spending in the northwest region catalyzed \$175 million in additional spin-off labor income for area workers and nearly \$42 million in additional state tax receipts. The immigrant population of the central, capital region generated \$638 million in business revenues, 5,000 spin-off jobs, \$143 million in worker income, and \$33 million in additional state taxes in 2004 (figure 2, table 2).

What Pattern of Impacts Does Immigrant Spending Have on Individual Counties?

The four counties with the largest immigrant populations—Benton, Washington, Sebastian, and Pulaski—accounted for over half the economic impact of the immigrant population in 2004. With the addition of Craighead, Crawford, Faulkner, Garland, and Saline counties, 63 percent of the economic impact is captured (figure 3). These nine counties each had immigrant populations with at least \$50 million in buying power (table 3).

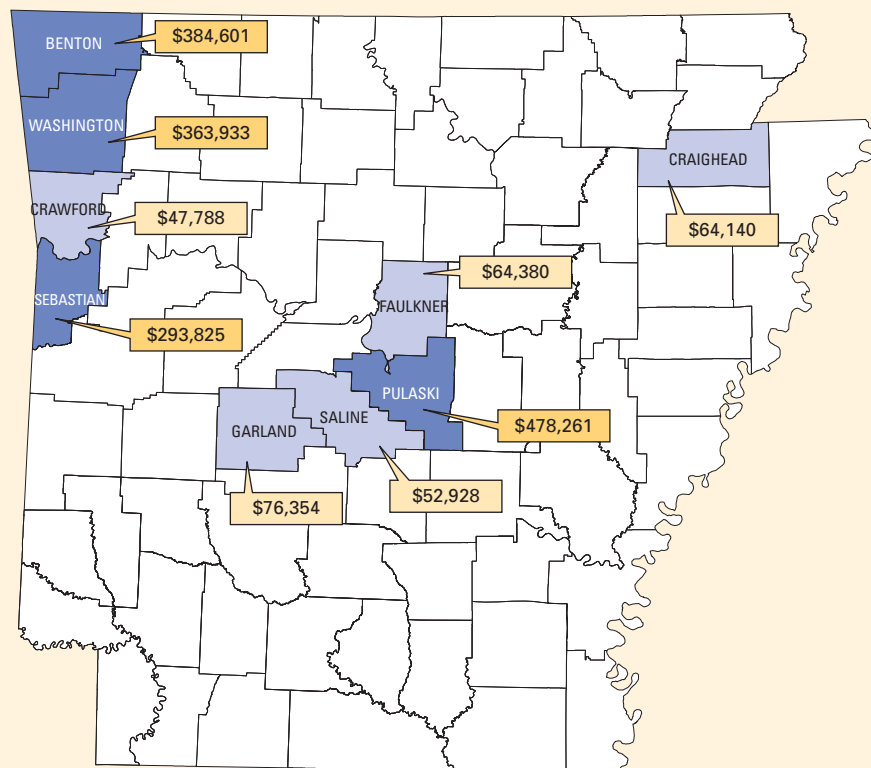
Table 2. Regional Impacts of Immigrant Spending, 2004
(thousands of dollars, except where noted)

	Buying power	Economic impact	Spin-off employment (number of jobs)	Spin-off labor income	Spin-off state taxes
Northwest	\$823,553	\$852,320	6,500	\$174,976	\$41,641
Northeast	\$315,951	\$311,079	2,400	\$56,779	\$13,688
Central/Little Rock	\$604,186	\$638,372	5,000	\$142,741	\$33,094
West	\$562,714	\$568,620	4,300	\$107,629	\$25,495
South	\$365,578	\$356,674	2,600	\$61,901	\$15,379

Source: Kenan Institute of Private Enterprise, 2006.

The remaining counties had smaller immigrant populations, though in a few cases they had larger immigrant shares than the largest immigrant counties. Sevier County's population was 18 percent immigrant in 2004 and Yell County's was 13 percent, while the populations of Sebastian, Benton, and Washington counties were only 10 percent immigrant. However, the total populations of Sebastian, Benton, and Washington were much larger than those of Sevier or Yell.

Figure 3. Economic Impact of Immigrants in Selected Arkansas Counties, 2004
(thousands of dollars)



Source: Kenan Institute of Private Enterprise, 2006.

Table 3. Immigrant Buying Power and Economic Impact for Selected Counties, 2004
(thousands of dollars)

	Region	Buying power	Impact
Pulaski County	Central	\$453,053	\$478,261
Benton County	Northwest	\$400,114	\$384,601
Washington County	Northwest	\$352,752	\$363,933
Sebastian County	West	\$288,880	\$293,825
Garland County	South	\$74,741	\$76,354
Faulkner County	Central	\$67,527	\$64,380
Craighead County	Northeast	\$63,795	\$64,140
Saline County	Central	\$58,948	\$52,928
Crawford County	West	\$53,863	\$47,788

Source: Kenan Institute of Private Enterprise, 2006.

What Are the Major Public Costs of Immigrants to Arkansas?

In estimating the costs to the state of the immigrant population, we focused on three major public sectors that are most often discussed in immigrant studies: (1) public elementary and secondary education (K–12), (2) health services delivery, and (3) corrections. There are no doubt other significant costs, but these three are the primary costs and are generally agreed to be the most important measures of the impact of an immigrant group on state budgets.⁸

After subtracting federal transfers, Arkansas spent \$3.1 billion on K–12 education in the 2004–05 fiscal year. For our K–12 educational cost estimates, we assumed that the percentage of expenditures attributable to immigrants was proportional to their representation in the student population (6.1 percent). This amount in 2004 was estimated to be \$185,815,000.⁹

To calculate net health care delivery costs to the state, we used our estimate of the state’s immigrant population, the Centers for Medicare and Medicaid Services information on 2004 health service expenditure costs and sources of aggregate payments, and the Medical Expenditure Panel Study data on health service payments by race and ethnicity along with our estimates of the immigrant population for each racial and ethnic category.

The preponderance of Hispanics within the immigrant population means that, although they have a high dependence on public funding for health care services, they use such services less frequently than most other major racial and ethnic groups and, when they do, they incur relatively lower costs. This may reflect their younger age distribution and, despite their low average income, a propensity to self-pay at least a portion of their costs. Asians, the other demographic group well-represented among immigrants, have a generally low dependence on public funds for health care service, but the national pattern may not be fully reflected in Arkansas. Our estimate of the net cost (after payments) to the state for health services to immigrants in 2004 is \$36,731,000.

For our estimate of costs to the state criminal justice system, we began with information on the number of individuals in state prison by ethnic group supplied by the Department of Correction. We then calculated the percentage of immigrants in prison using our data on the percent foreign-born in each group. That percentage is estimated to be 1.2 percent, less than their share of Arkansas’ adult population age 20–44 (6.4 percent).¹⁰ We then used data from the Census of Government on state and local expenditures for corrections, police protection, and the judiciary (adjusted to conform with

the state budget for 2004) to estimate the total law enforcement expenditures devoted toward the immigrant population. Our calculated estimate of the total is \$14,670,000.¹¹

What Are the Direct and Indirect Immigrant Tax Contributions to the State?

We considered four different categories of taxes accruing to the state government as a result of immigrants' presence in Arkansas in 2004. These categories are shown in table 4.

The taxes on income are not considered disposable income and thus do not enter into the accounting of immigrant buying power discussed above. State payroll tax contributions of the immigrant population were calculated by multiplying the immigrant population's share of total personal income by the amount of state income tax paid according to the Census of Government report for 2003–04 inflated to match the state income tax contributions reported by the Regional Economic Information System for 2004. The total annual amount of personal income tax paid by Arkansas immigrants is estimated to be \$46,705,000.

The immigrant share of corporate income taxes is estimated to be \$5,031,000.

Property-tax calculations were estimated for the immigrant population by apportioning the total state and local property taxes according to the proportion of immigrants in the adult population adjusted for income. The immigrant population is a very diverse group; some of the foreign-born enjoy a significant earnings premium over the native-born, while others earn substantially less. Collectively, immigrant per capita income is approximately 92 percent of overall per capita income. Data on aggregate property taxes paid were taken from the Census of Government population estimates program. The total annual amount of property tax paid by Arkansas immigrants is estimated to be \$30,459,000. The three subcategories (personal income, corporate income, and personal property taxes) total \$82,195,000.

Immigrants also pay taxes on their consumer spending. These were calculated by using information on immigrant household spending patterns derived from national data and multiplying average spending by Arkansas' tax rates, with the two major categories being the state sales tax and the motor vehicle use tax. Together these total an estimated \$110,728,000 paid by Arkansas' immigrants in 2004.

Table 4. Arkansas State Tax Impact Estimates, 2004
(thousands of dollars)

	Direct contributions	Indirect Contributions		Total contributions
		From businesses	From persons	
Personal income tax	\$46,705		\$13,402	\$60,107
Property tax	\$30,459	\$22,766	\$173	\$53,398
Small business tax	\$5,031	\$15,405		\$20,436
Other taxes	\$16,812	\$5,920	\$1,403	\$24,135
Highway use tax	\$15,576	\$918	\$676	\$17,170
Sales and use tax	\$78,340	\$1,549	\$1,549	\$81,438
Total	\$192,923	\$46,558	\$17,203	\$256,684

Source: Kenan Institute of Private Enterprise, 2006.

The final tax contribution category includes all state and local taxes generated as an indirect result of immigrant consumer spending. These include the estimated \$46,558,000 additional income and property taxes paid by businesses as a result of their operation and the estimated \$17,203,000 additional income, property, and consumer taxes paid by their employees. Together, these two indirect revenue sources total \$63,761,000.

Collectively, immigrant residents were responsible for an estimated \$82,195,000 in personal current taxes, \$110,728,000 in sales and other consumption taxes, and \$63,761,000 in taxes on the increased business and earning resulting from immigrant spending. This totals \$256,684,000 in Arkansas state and local taxes paid by the state's immigrants in 2004.¹²

What Is the Net Benefit or Cost of Immigrants on the State Budget?

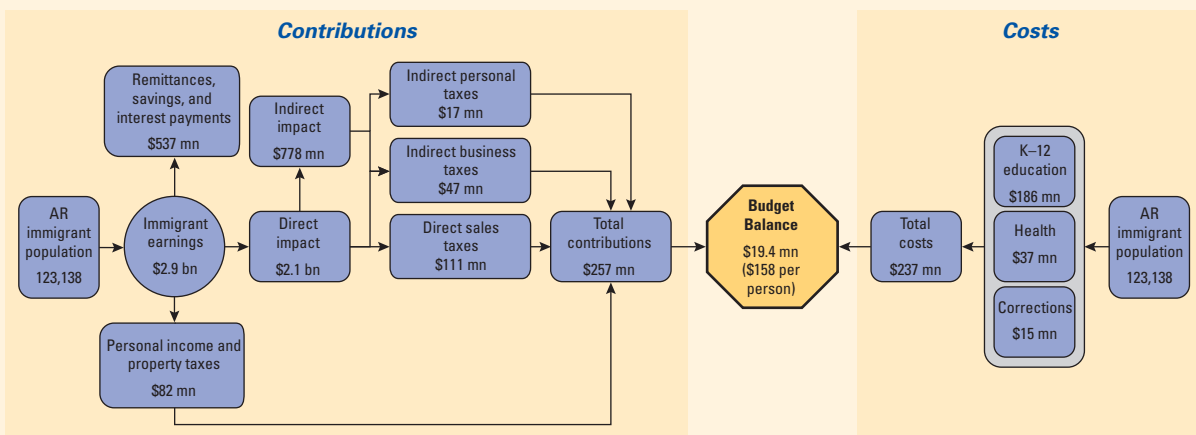
Determining the net cost or benefit of immigrants to the state budget is multifaceted and complex. It also is fraught with potential oversights and sometimes questionable assumptions. Studies conducted elsewhere of net public costs or benefits of immigrants on states have often resulted in conflicting analyses, depending on the assumptions and models used.

Given these strong caveats, we developed a series of reasonable estimates of the primary direct and indirect contributions and costs of Arkansas' immigrants to state and local budgets in 2004.

Our model is illustrated in figure 4. We begin, on the left side of the figure, with the state's immigrants as tax contributors. Immigrant earnings are reduced by remittances, which leave the state's economy, and by taxes on income and property (sometimes termed personal current taxes or statutory taxes), which go directly into state and local coffers. Immigrant spending generates direct and indirect business revenue and employment, which generates three types of taxes: direct sales taxes, indirect business taxes, and indirect personal taxes. All together, as noted above, these totaled an estimated \$256,684,000.

On the right side of the figure, we consider the state's immigrant population as consumers of state services. As noted above, Arkansas' immigrant population is responsible for an estimated \$237,216,000 in state public costs for K–12 education, health service delivery, and corrections.

Figure 4. Framework for Assessing Immigrant Impact on the 2004 Arkansas State Budget



Source: Kenan Institute of Private Enterprise, 2006.

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.

The difference in 2004 between immigrants' estimated major tax contributions of \$256,684,000 and their estimated major public costs of \$237,216,000 results in a net surplus to the state of \$19,468,000, or approximately \$158 per immigrant (including both the foreign-born population and their coresident minor children).

The comparisons of selected per capita revenues and expenditures from a sample of states shown in table 5 suggest the reasons for the positive net balance. These figures are taken from the 2004 Census of Government. They represent state totals, not the portion allocated to immigrants.

First, compared with the national average and some traditional immigrant destination and expansion states, Arkansas has relatively low state and local expenditures. Second, the in-state burden is reduced by an above-average level of federal government transfers. Third, Arkansas' tax structure places a comparatively high burden on lower-income individuals. Arkansas receives a low proportion of its revenues from corporate income tax. The same is true for property tax. The state receives a greater-than-average proportion of its revenues from individual income tax. Most important, over half of Arkansas' state and local income stems from various forms of sales taxes. These tend to be regressive, (i.e., lower-income people pay a higher share of their incomes in these taxes than higher-income people do), but they also mean that those who rely heavily on state services may pay a greater proportion of the costs.

Table 5. Comparison of Selected State and Local per Capita Revenues and Expenditures
(dollars, except where noted)

Description	National average	Arkansas	California	New Jersey	New York	North Carolina
Total revenue	\$8,308	\$6,555	\$10,007	\$8,645	\$11,640	\$7,431
General revenue	\$6,447	\$5,362	\$7,028	\$7,092	\$9,303	\$5,711
Transfer from federal government	\$1,452	\$1,555	\$1,516	\$1,144	\$2,370	\$1,395
Tax revenues	\$3,447	\$2,536	\$3,736	\$4,555	\$5,260	\$2,929
Percent from property tax	31.5	15.8	25.8	46.1	31.9	24.4
Percent from sales and gross receipts taxes	35.7	53.3	33.8	24.7	27.0	35.8
Percent from individual income tax	21.3	24.2	27.2	18.7	30.3	30.0
Percent from corporate income tax	3.3	2.6	5.2	4.8	5.3	3.3
Percent from motor vehicle license tax	1.9	1.6	1.6	1.0	0.8	1.9
Percent from other taxes	6.3	2.6	6.5	4.8	4.7	4.6
Total expenditure	\$7,728	\$5,936	\$9,152	\$8,366	\$11,375	\$6,621
Elementary and secondary education	\$1,542	\$1,243	\$1,645	\$2,267	\$2,126	\$1,176
Health service delivery	\$297	\$106	\$384	\$240	\$450	\$298
Police, corrections, and judiciary	\$543	\$399	\$776	\$648	\$758	\$403
Combined selected expenditures	\$2,382	\$1,748	\$2,804	\$3,154	\$3,334	\$1,877

Source: 2004 Census of Governments.

How Important Are Immigrants to Arkansas' Economic Output?

Immigrants made up 5.4 percent of Arkansas' overall workforce in 2004 and considerably more in certain key sectors. This labor has allowed the state's economic output to expand. In its absence, a substantial portion of Arkansas' economic vitality would likely disappear.

Arkansas immigrants fit into a wide variety of local economies. Table 6 shows the employment composition of the state and the four counties with the largest immigrant populations. Employment in the management of companies (the Census term for corporate headquarters) is, of course, overrepresented in Benton County—where Wal-Mart and Tysons are headquartered—but so are transportation and warehousing. Food manufacturing, primarily poultry processing, is important in Washington and Sebastian counties. Pulaski County contains the state capital and an overrepresentation of employment in almost all urban sectors. Interestingly, although Benton County has the largest estimated immigrant population, Pulaski County, with the third-largest immigrant population, has the largest estimated total immigrant income. This occurs because Pulaski County has immigrants with higher average educational attainment and family income, as described in volume 1 of this study.

Determining the net effects of a withdrawal of immigrant workers on state industries is very difficult nationally and in larger states. In Arkansas, such an analysis is further complicated by the low, although growing, number of immigrants. This leads to lower precision of estimates owing to a lower number of cases in surveys such as those performed by the Census Bureau.

One way to look at the impact of immigrant workers on Arkansas' industries is in terms of wage savings, which are passed on in lower costs to consumers and contribute to the overall competitiveness of Arkansas industries. In other words, immigrants have added to the supply of cost-effective labor in the state, lowering the overall wage bill. We estimate that immigrant labor generated a statewide wage savings of over \$19 million in 2000 (.06 percent of the total wage bill).¹³

This analysis reflects the diversity of Arkansas' immigrant population. Although immigrants work in all major industries, they are overrepresented in two very different sectors—manufacturing and education, health, and social services. Educated immigrant labor appears to enjoy a wage premium in education, health, and social services. The opposite occurs in manufacturing, where immigrants are less-educated and earn less than natives.¹⁴

Immigrant labor in manufacturing resulted in a \$95 million wage advantage in 2000. This wage advantage in turn resulted in a 1.6 percent wage cost savings at a time when only 8.4 percent of the manufacturing workforce was composed of the foreign-born.¹⁵ Since the number of immigrant workers has grown substantially since 2000, the wage advantage associated with immigration has almost certainly grown as well.¹⁶

Although more recent measures of the wage impact of immigrants are not feasible, the changing representation of ethnic groups in the workforce suggests the impact of immigrant labor. Table 7 summarizes Equal Employment Opportunity Commission data for Arkansas for 2000 and 2004, the latest year available. Private employers with more than 50 employees who perform certain functions for the government and all private employers with more than 100 employees are required to report the occupational distribution of several key racial and ethnic groups annually. The figures in the table represent 44 and 42 percent of private employment in their respective years.

Many Arkansas Hispanic workers are immigrants, and so we focus on that group. The lower panel of the table shows the strong increase in the number of Hispanic workers despite the overall decline in covered employment. More to the point, the number of Hispanic workers has risen in such declining occupations as laborers, operatives, and, to a lesser extent, skilled craft workers. Note, however, that the Hispanic increase is only a small portion of the overall decline, suggesting that two larger racial and ethnic groups—whites and blacks—are leaving these occupations for more rapidly expanding occupations, such as managers, professionals, technicians, and office workers.

For that reason, we believe that the immigrant wage savings, at least in Arkansas, are not seriously depressing the wage levels of nonimmigrants, even in lower-wage, labor-intensive sectors. Rather, we believe it is likely that their labor is preserving economic activity that would otherwise become unviable because of labor costs or labor shortages.

What Local Business Opportunities Exist to Serve Immigrants?

In a substantial number of counties, and even in one region, the buying power of immigrant residents exceeds their economic impact. At least two factors account for this disparity. First, we estimate that

Table 6. Employment Profile of Arkansas and Four Counties with the Largest Immigrant Populations, 2004

Sector	Statewide	Benton	Washington	Pulaski	Sebastian
Total private-sector employment (thousands of workers)	1,007	89	78	225	68
Employment by Sector (percent)					
Primary Extraction (Except Agriculture) and Utilities	0.6	0.6	0.7	0.8	1.7
Construction	4.8	4.1	5.8	4.4	4.3
Manufacturing	19.9	13.3	19.0	6.9	30.5
Food manufacturing	5.3	4.6	7.7	0.6	9.6
Plastics and rubber products manufacturing	1.4	2.3	0.1	0.5	1.4
Fabricated metal product manufacturing	1.9	0.6	3.8	1.2	1.5
Electrical equipment, appliance, and components	1.8	0.8	0.2	0.8	11.1
Transportation equipment manufacturing	1.6	0.9	2.2	0.9	0.6
Wholesale Trade	4.6	4.2	5.7	7.0	3.5
Retail Trade	14.1	8.8	15.4	12.5	11.2
Transportation and Warehousing	6.1	21.9	5.8	4.4	1.9
Truck transportation	4.5	19.7	4.4	1.7	1.2
Information	2.9	2.2	2.3	4.1	2.1
Telecommunications	1.4	0.2	1.4	2.5	0.6
Finance and Insurance	3.6	1.9	3.2	5.7	2.5
Real Estate and Rental and Leasing	1.2	0.9	1.7	1.6	1.1
Professional, Scientific, and Technical Services	3.5	4.0	4.0	5.4	2.7
Management of Companies and Enterprises	3.9	19.6	3.5	5.7	2.6
Administrative and Support Services	4.8	4.0	4.4	7.3	8.5
Administrative and support services	4.6	3.7	4.2	7.1	8.5
Educational Services	1.3	1.6	0.4	1.3	0.5
Health Care and Social Assistance	14.8	6.1	13.1	19.5	15.6
Ambulatory health care services	4.1	2.1	4.3	4.2	4.1
Social assistance	6.1	1.4	5.8	11.2	6.6
Nursing and residential care facilities	2.7	1.1	1.3	1.7	3.6
Social assistance	2.2	1.4	1.6	2.4	1.2
Arts, Entertainment, and Recreation	0.9	0.4	1.0	0.8	0.5
Accommodation and Food Services	8.2	6.0	9.7	7.7	7.3
Accommodation	1.1	0.6	1.3	1.1	0.5
Food services and drinking places	7.2	5.4	8.3	6.6	6.8
Other Services (except Public Administration)	4.5	4.8	4.3	4.9	3.6
Unclassified	0.1	0.1	0.1	0.0	0.0

Source: 2004 County Business Patterns.

Table 7. Ethnic Composition of Occupations by Number Employed, 2000 and 2004

	Total employment	Officials and managers	Professionals	Technicians	Sales workers	Office and clerical workers	Craft workers	Operatives	Laborers	Service workers
2000 EEO-1 Aggregate Report (1,620 units)										
All employees	419,045	39,820	34,880	22,757	38,719	44,314	43,915	97,700	66,858	30,082
White	313,567	35,758	31,618	19,493	30,220	37,260	36,384	68,162	35,797	18,875
Black	72,615	2,839	2,230	2,452	7,393	5,820	5,674	20,721	16,038	9,448
Hispanic	22,776	551	256	315	505	580	1,041	6,042	12,257	1,229
Asian American	5,939	350	605	354	345	297	391	1,424	1,824	349
American Indian	4,148	322	171	143	256	357	425	1,351	942	181
2004 EEO-1 Aggregate Report (1,581 units)										
All employees	407,220	42,165	37,176	26,224	35,898	46,573	39,933	85,621	65,360	28,270
White	298,177	37,554	33,174	21,952	28,477	37,700	32,403	55,983	33,481	17,453
Black	67,667	2,722	2,654	2,839	6,040	7,128	4,867	19,146	13,670	8,601
Hispanic	29,898	976	370	625	694	881	1,757	7,900	15,085	1,610
Asian American	7,205	522	765	610	389	418	480	1,423	2,212	386
American Indian	4,273	391	213	198	298	446	426	1,169	912	220
Employment Change										
All employees	-11,825	2,345	2,296	3,467	-2,821	2,259	-3,982	-12,079	-1,498	-1,812
White	-15,390	1,796	1,556	2,459	-1,743	440	-3,981	-12,179	-2,316	-1,422
Black	-4,948	-117	424	387	-1,353	1,308	-807	-1,575	-2,368	-847
Hispanic	7,122	425	114	310	189	301	716	1,858	2,828	381
Asian American	1,266	172	160	256	44	121	89	-1	388	37
American Indian	125	69	42	55	42	89	1	-182	-30	39

Source: U.S. Equal Opportunity Commission.

remittances, savings, and interest payments reduce local immigrant buying power by 20 percent. Second, insufficient retail and service facilities limit immigrant (and other group) expenditures in these counties. As a result, immigrant spending and its impact take place outside these counties, often in a larger metropolitan area. This is commonly termed “business revenue leakage.”

The fact that the retail, services, and employment structure of the county, which our input-output models take into account, does not meet local immigrant buying-power needs may provide an opportunity for appropriate businesses to fill that space profitably while preserving mainly rural communities. We therefore developed a methodology to estimate both the absolute and relative size of the immigrant business revenues leaked to other areas.¹⁷ The business-revenue leakage estimates for Arkansas regions and selected counties are shown in table 8.

Areas with the largest immigrant buying power tend to have the largest absolute amount of immigrant impact leakage. Yet local economic structure also plays an important role, decreasing the ability of communities to capture local buying power. While the business revenue leakage of the larger regions is smaller than that of counties, the difference is not large, perhaps due to the preeminent role of particular counties in each region.

Compared with some other southeastern states, such as North Carolina, the share of leakage in Arkansas is large. Not all of that business-revenue leakage can be captured, but our analyses suggest substantial potential for immigrant-targeted business development in several Arkansas counties.

Table 8. Estimated Immigrant Business-Revenue Leakage for Regions and Selected Counties, 2004

	Absolute leakage (thousands of dollars)	Percent leakage
Region		
Northwest	\$271,241	32
Northeast	\$119,968	39
Central/Little Rock	\$185,910	29
West	\$199,083	35
South	\$142,079	40
County		
Pulaski County	\$139,832	29
Benton County	\$161,269	42
Washington County	\$117,321	32
Sebastian County	\$100,290	34
Garland County	\$25,615	34
Faulkner County	\$27,747	43
Craighead County	\$22,894	36
Saline County	\$27,494	52
Crawford County	\$25,697	54

Source: Kenan Institute of Private Enterprise, 2006.

How Will the Economic Impact of Arkansas Immigrants Evolve?

Any assessment of the future is necessarily speculative. Bearing this in mind, we extrapolated from past trends, taking into account the predictable factors that could affect the level of migration, to forecast the economic impact of immigrant spending in 2010.

The influx of immigrant labor to Arkansas remained strong after 2000 and even accelerated recently, despite the contraction of manufacturing.¹⁸ Often finding employment as manufacturing operatives, Arkansas' immigrants have demonstrated a willingness to work in industries and occupations where many native-born workers are less inclined to seek employment because of working conditions and/or low wages. In the absence of major changes in U.S. immigration policy and enforcement, the immigrant labor migration to Arkansas will continue apace. Labor migration will likely be reinforced by family reunification, which will then further increase the total number of immigrants moving to the state.

Should recent migration and fertility trends continue, immigrants and their families could constitute as much as 6 percent of the Arkansas population by 2010. The total economic impact of immigrant spending in the state would then increase to \$5.2 billion (in 2004 dollars). As many as 84,700 spin-off jobs could be generated by this spending, contributing \$256 million (in 2004 dollars) to Arkansas' state and local taxes. This impact will 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.

Two factors may work together to reduce the strong positive impact of migrants on Arkansas' economy in the future. First, Arkansas, as an "expansion state" that began from a very small foreign-born population base, has benefited tremendously from migrant selectivity; in other words, a disproportionate share of Arkansas immigrants are working-age adults without children, who add to economic production and pay taxes but demand little in government services. The nature of the selectivity may change over time. Both observable characteristics, such as age and life cycle distribution, and the unmeasurable advantages that come with a new population of "pioneers" have raised benefits compared to costs.

As time goes on, the age and life-cycle composition of the immigrants may change in ways that add costs without commensurable benefit. For instance, single childless adults may marry and have children. While their earnings and tax payments may stay the same or increase slightly, the costs to government of educating their children will be considerable. As yet, a relatively small share of Arkansas immigrants has children in the public schools. That share will likely increase. In addition, a growing immigrant population and family reunification may also attract those that are less venturesome—as moving to Arkansas, finding a job, and settling down become less challenging—reducing the level of risk-taking in the immigrant population and the average per person benefit.

Second, policies that preclude immigrants from obtaining legal status may prevent them from making their full potential contributions. Undocumented immigrants may perform tasks below their ability levels because they often lack access to formal-sector jobs. In addition, undocumented immigrants are sometimes barred from obtaining needed certificates, such as driver's licenses, and are disadvantaged in enrolling in postsecondary education. While important for controlling immigration, such policies may reduce the benefit-cost ratio of immigrants—for instance, by lowering their productivity when they cannot enhance their educations and skill levels—and encourage law-breaking—for example, when they drive without licenses. Further, while immigrants have been accepted into a disparate set of selected labor-market niches, lack of legal status may prevent immigrants from moving into other occupations where their earnings, economic contributions, and tax payments would be greater. Ongoing benefits to the state of Arkansas from immigration may also depend on facilitating immigrants' investments in themselves, especially through education.

Conclusion

The immigrant presence in Arkansas is substantial and growing. While concentrated in a handful of counties, their presence is diffusing both geographically and sectorally. Immigrants and their minor children make up 4.5 percent of the state's population and have been responsible for much of the recent population increase.

For the most part, the growth of the immigrant population in Arkansas has been a form of labor replacement. Although it rebounded in 2005, total private employment in Arkansas declined by 1 percent, or by about 6,500 jobs, between 2000 and 2004. During the same period, the immigrant population—including both the foreign-born population and native-born children living with immigrant parents—rose from 98,000 to 123,000. The manufacturing industry, which has been shedding employees since the mid-1990s, has grown particularly dependent on immigrants.

Arkansas immigrants had an estimated total after-tax income of \$2.67 billion in 2004. Approximately 20 percent of this was sent home to families abroad, saved, or used for interest payments. The remaining spending had a total impact of \$2.9 billion on the state, much of which was concentrated in four counties.

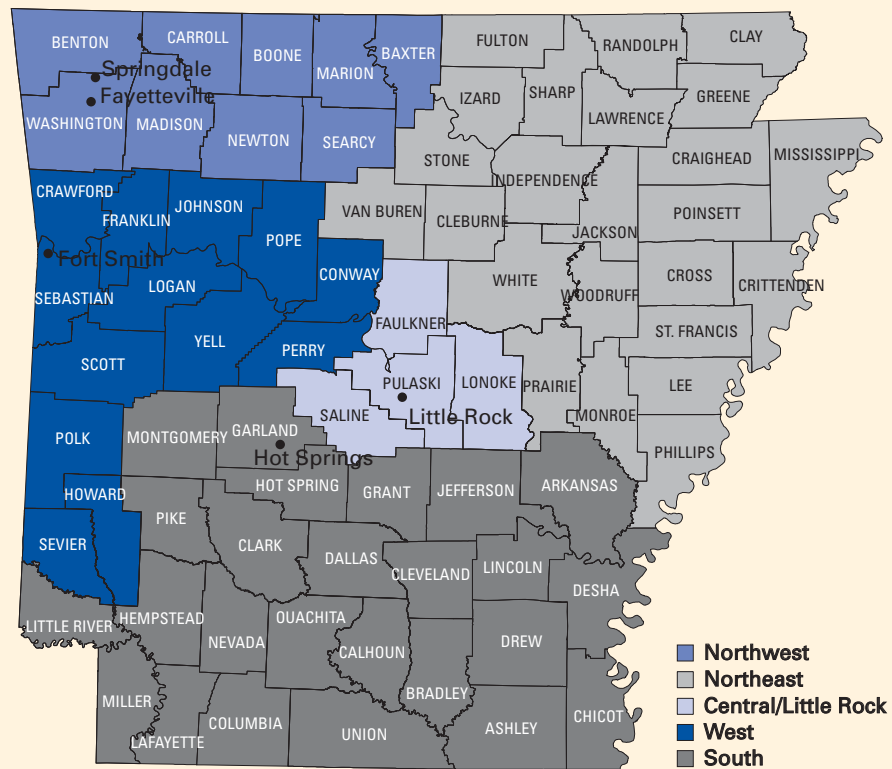
The large and growing immigrant population was reflected in a fiscal impact on the state budget with the costs of education, health services, and corrections totaling an estimated \$237 million in 2004. Those costs were more than balanced by direct and indirect tax contributions of \$257 million, resulting in a net surplus to the state budget of \$19 million—approximately \$158 per immigrant (including both the foreign-born population and their coresident minor children). Though education is calculated as a fiscal cost in this report, remember that 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 over \$2.9 billion annually in Arkansas business revenues, immigrant workers contribute substantially to the economic output of the state and to the cost-competitiveness of a number of key industries. For example, without immigrant labor, the output of the state's manufacturing industry would likely have been \$1.4 billion lower and the state's manufacturing wage bill \$95 million higher in 2004. 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 a number of 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. 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 may be more directly felt in areas with little population or economic activity—especially in small towns and rural communities with high immigrant population shares.

The total impact of immigrant spending may increase substantially by the end of the decade if current trends continue. At the same time, if the experience of other states is any guide, family reunification and family formation may begin to increase the costs by changing the population composition to include a higher proportion of children. Ongoing benefits to the state of Arkansas may also depend on facilitating immigrants' investments in themselves and their children.

Appendix Figure. Composition of Arkansas Regions



Source: Kenan Institute of Private Enterprise, 2006.

NOTES

1. Volume 1, “Immigrant Workers, Families, and Their Children,” uses the 2005 ACS, a much larger survey than the 2004 ACS, to update data from the 2000 Census. The 2005 ACS represents the latest available data from the U.S. Census Bureau at the state level. This volume, however, relies on tax, other fiscal, and economic data from 2004, so it uses our own estimate of the size of the foreign-born population for 2004. Census 2000 data underlie most analyses in both volumes.
2. The 2000 estimate of the foreign-born population in Arkansas in this volume is taken from the 2000 Census Public Use Microdata Sample (PUMS). Volume 1 includes an estimate of 74,000, taken from the 2000 Census Summary File 3 (SF-3). The PUMS and SF-3 use slightly different samples of the data collected by the census, and therefore include slightly different estimates of the overall size of the state’s immigrant population.
3. Estimates of Arkansas’ 2004 population were taken from the Census’s “County Population by Age, Sex, Race, and Hispanic origin: April 1, 2000 through July 1, 2005” available at <http://www.census.gov/popest/counties/asrh/CC-EST2005-alldata.html>. A full description of the census’s estimation methodology is available at http://www.census.gov/popest/topics/methodology/2005_co_char_meth.pdf.
4. The state and its localities also receive revenues from flow-backs of portions of federal income taxes paid by immigrants, but these are not considered in our technical analysis.
5. The IMPLAN model is used broadly in economic impact analyses. It uses data provided by the U.S. Bureau of Economic Analysis, the Bureau of Labor Statistics, and various state and federal agencies. The model generates, among other results, the number of jobs, labor income, and taxes created by a specified input. It also generates economic output, roughly equated to business revenue, resulting from a group’s direct, indirect, and induced economic impacts. IMPLAN can combine any number of counties into one study area. Computations for this report were done in cooperation with the Kenan Institute’s Carolina Center for Competitive Economies.
6. The BEA defines personal income as the sum of compensation received by employees, supplements to wages and salaries, proprietors’ income (with inventory valuation adjustment and capital consumption adjustment), rental income, personal income receipts on assets, and personal current transfer receipts, less contributions for government social insurance. This differs from the definitions of income used by the Bureau of the Census, the Internal Revenue Service, and the Consumer Expenditure Survey.
7. Consumption-based taxes include property tax for housing services and sales tax for other goods and services.
8. For instance, see Clark et al. (1994).
9. As described in volume 1, “Immigrant Workers, Families, and Their Children,” the large majority of school children in immigrant families are citizens of the United States, even if their parents are not. The fact that many require additional language instruction, raising education costs, is countered by the relatively lower per student expenditure in districts with large Hispanic student populations. (We were unable to obtain data on the number of children of immigrants at the school district level, but we were able to obtain figures for Hispanics, who represent the majority of the state’s children of immigrants.) In Arkansas in 2004, there was a modest negative correlation between the Hispanic share of students and expenditures per pupil at the district level. Despite strong economic growth in northwest Arkansas, the large majority of Hispanic pupils in both Benton and Washington counties were concentrated in districts where per-pupil spending was lower than the state average.
10. The Arkansas Department of Correction deems unreliable prisoner reports on place of birth.

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11. Arkansas spends substantially less per person on education, health service delivery, and corrections than states do on average. In each area, per capita spending is less than 60 percent of that in New York, a traditional large-immigrant-settlement state.
 12. Arkansas relies on sales-related taxes for a majority of its state and local tax revenues. The incidence of personal current state and local taxes is somewhat lower than average. Overall per capita government revenues are significantly below the national average and less than 60 percent in New York, a traditional immigrant destination state.
 13. Using data from the 2000 Census PUMS sample for Arkansas, the total wage bill for the state was estimated by multiplying the number of immigrants and nonimmigrants with low levels of education (less than a high school diploma) and high levels of education (a high school diploma or higher) in each industry by their respective average hourly wage rates and the mean number of hours worked over the previous year. The calculation was then repeated using the average nonimmigrant hourly wage for each industry-education category to estimate what the total wage bill would be without the immigrant wage advantage. Capital substitution and labor shortage effects were not taken into account.
 14. See “Immigrant Workers, Families, and Their Children” for a fuller description of patterns of immigrant workers’ wages by industry, educational attainment, and country or region of origin.
 15. Our definition of the manufacturing workforce here includes any worker reporting both employment in the manufacturing industry and any earnings. In volume 1 of this study, we define the workforce more narrowly, based on a more substantial level of work effort; according to the volume 1 estimate, immigrants represented about 7.2 percent of all manufacturing workers in the state in 2000.
 16. Performing the same analysis examining Hispanic workers, most but not all of whom are foreign-born, showed a 0.5 percent overall wage savings and a 1.7 percent (\$101 million) wage savings in manufacturing in 2000.
 17. This methodology began by computing a net impact ratio for the state as a whole. This is a simple ratio of estimated state immigrant buying power to calculated immigrant total state economic impact. The ratio was 1.364 in 2004 (including the 20 percent buying power reduction for remittances, etc.). We then multiplied the buying power of each county by this ratio to simulate what the immigrant economic impact on the county would be if it followed immigrant state-buying-power multipliers. The difference between the potential impact and the IMPLAN-calculated economic impact is the estimated total economic impact (business revenues) leakage.
 18. For example, between June 2000 and June 2004, Arkansas manufacturing employment declined by 36,100 jobs. Manufacturing began its decline from peak employment of 245,900 in June 1995.

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