

**LATINO IMMIGRANTS IN MEMPHIS, TENNESSEE:
THEIR LOCAL ECONOMIC IMPACT**

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Introduction

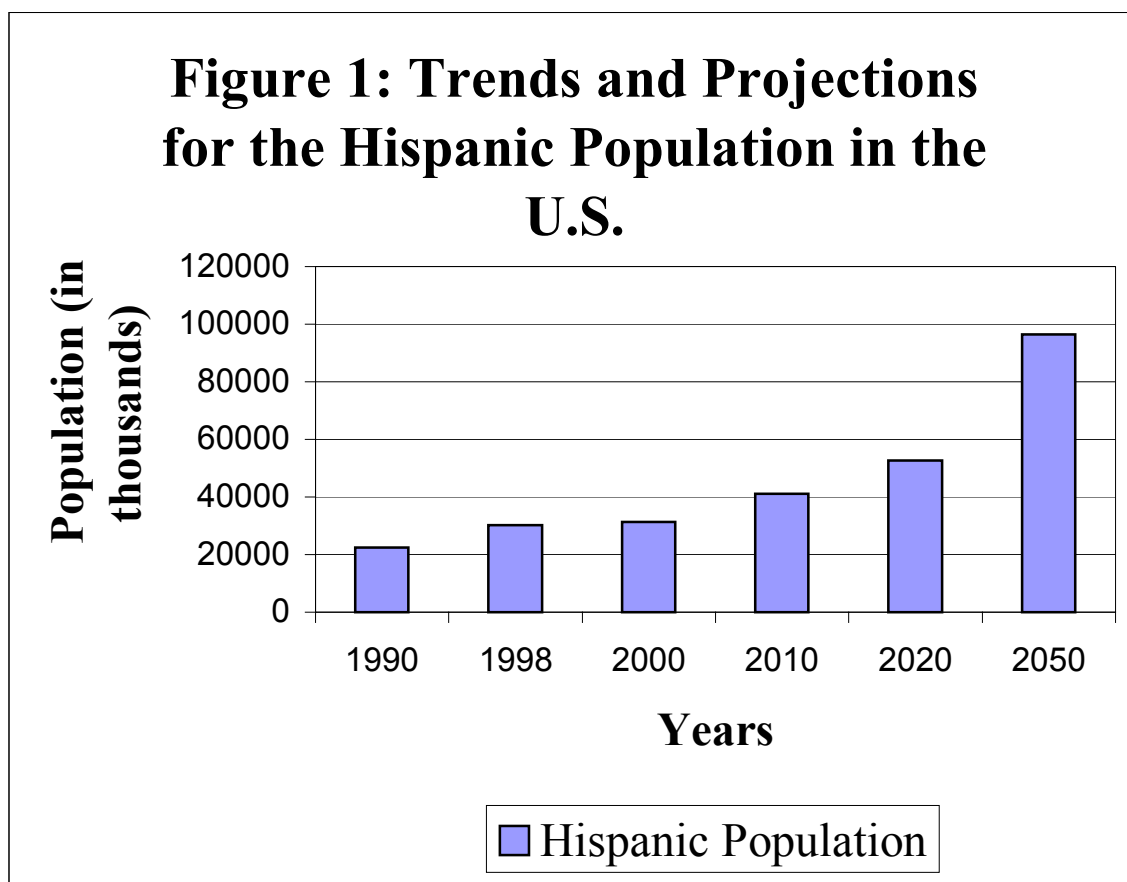
Immigrants now play a critical part in the labor force across the country, and the same is increasingly true for Memphis. In 1999, according to the Bureau of Labor Statistics, they made up 12% of the U. S. workforce. Whereas in the past Latino immigrants in the South tended to concentrate in agriculture, today they often work in the “new economy”— services, distribution and even construction. Although some have significant job skills or professional training, undocumented immigration status and/or limited English proficiency narrow the employment options of many Latinos. Consequently, they tend to find work in the low wage sectors of the economies of Tennessee and other Southern states.

Still, the social, economic, and demographic impact of the local Latino population is remarkable. This study, by The University of Memphis Center for Research on Women (CROW), highlights some important recent findings of university researchers. While much of this research is in an early stage of development, the heightened visibility of Latino immigrants argues for the release of preliminary data to inform public discussion. Included in this report are estimates of the total economic impact of Latino workers on the regional economy.

Over the past decade, the Latino population has more than doubled in four Southern states: Georgia, North Carolina, Tennessee, and Arkansas. Tight labor markets and the new service economy in the Sun Belt have been magnets for recent Latino migration. According to a report by the Selig Center for Economic Growth, North Carolina, Georgia, and Tennessee are among the top ten emerging states, as ranked by the rate of growth of Hispanic buying power during 1990-2001.

By far the most common reason why Latinos come to the U. S. is employment opportunity. Latino immigrants tend to be of prime working age, both younger and healthier than the general population. Although some come to unite with their families, the driving force behind their migration to and within the U. S. is the search for jobs. In this they have much in common with generations of Southerners who migrated from the rural to urban South, or from the South to the North in search of greater economic opportunity.

Today the impact of Latinos as workers is being felt throughout the United States and their share of buying power is rising in every state. Figure 1 shows trends and projections regarding the size of the Hispanic population in the U.S. In 1999 the Census Bureau estimated a total of 32.4 million Hispanics/Latinos in the U.S., which represents a 44 percent increase compared to 1990. Such high growth in the Latino population is driven both by immigration and by high birth rates among young Latino families. Given the buoyant labor market in the U.S., Latino immigrant workers have tended not to displace local workers, but rather to fuel economic growth in most regional economies.



Source: U. S. Census Bureau, Middle Series, 1998.
Adapted from Burrell, Redding, and Schenk (2000).

Latino Immigration to Memphis

Ten years ago (in 1990), the largest number of Latinos in the state of Tennessee was concentrated in the Nashville-Davidson metropolitan area. One in three Latinos in the state lived in Nashville-Davidson County or in the counties bordering this area. Three other metropolitan areas of Tennessee had also received significant Latino immigration: Memphis, Clarksville, and Chattanooga (see Figure 2, below). Since then, there has been growth of the Latino population in cities across the state. For example, according to the Nashville Chamber of Commerce, the current population estimate in Davidson County is 45,550 Hispanics—as compared with about 8,000 in 1990. In addition, certain rural areas, such as the counties surrounding Morristown in east Tennessee, have drawn an increasing population of Latinos. Even though their numbers may not be large, the presence of Latinos in such relatively sparsely populated rural areas is especially noticeable.

Figure 2: Tennessee Metropolitan Areas with Significant Latino Immigration



Modified from Johnson *et al.*, 1999:283

The new Latino immigrants are younger, more skilled, and more highly educated than those who arrived in previous decades. More women and children have joined the immigration flow each year, suggesting that these new Latino families might become permanent settlers. In the early 1990s, almost 70% of Latinos in Tennessee were under the age of 35 (compared to one of two non-Latinos). Latinos initially found employment in agriculture, in the fast growing service and distribution sectors, and in the construction

industry. In 1990, according to the U. S. Census Bureau estimate, ninety percent of all the Hispanics in Tennessee were U. S. citizens. Today, most are not citizens, and many have an undocumented immigration status. Because of their consequent desire for invisibility, population counts of Latinos—including those of the Census Bureau—are likely underestimates.

In 1990 the U. S. Census Bureau counted 8,116 Hispanics—largely of Cuban, Puerto Rican, and Mexican descent—in the Memphis Metropolitan Statistical Area (MSA). Many migrants of Mexican descent who settled in Memphis in those years arrived from the U. S. Southwest. By 2000, the local Latino population had experienced a significant increase. Today, the size of the Latino population in the Memphis metropolitan area is far larger than anyone would have projected. A study by The University of Memphis Regional Economic Development Center (REDC) estimates a current community of 53,628 individuals of Hispanic heritage in the Memphis MSA.

In a sample of Latino immigrants analyzed by researchers affiliated with the University of Memphis Center for Community Health (Scarinci, Klesges, and Chang), a large percentage of individuals indicated that the main reason for choosing Memphis as their place of residence was the availability of employment. Similar responses were obtained during extensive interviews of Latino immigrants by researchers at the Center for Research on Women (CROW).

Frequently, the new immigrants settle in working-class neighborhoods, along with more established residents. A large proportion of the Latinos in Memphis lives in the following areas: the Jackson Avenue Corridor, Binghamton, Parkway Village, Fox Meadows, and Southeast Memphis. Contrary to a commonly held belief that Latinos are seasonally mobile, these groups already constitute a stable, permanent population in these areas. The majority of recent Latino immigrants arrived in Memphis in the company of family and friends.

Figure 3: Location of Latino Communities in Memphis and Shelby County.



Research by CROW on the commercial advertisements of three weekly Spanish-language newspapers published in Memphis found that four bus companies are now providing daily or weekly transportation from Memphis to different locations in Mexico. Only one such company was doing business locally in 1995. In the fall of 2000, CROW researchers counted twenty-six businesses catering to Latino immigrants in the Parkway Village, Fox Meadows, and Southeast Memphis area. These included restaurants, bars, supermarkets, video-rental stores, churches, a bakery, a disco, a radio station, and a short-lived movie-theater with Spanish subtitles.

According to the latest report published by the Memphis and Shelby County Health Department, during the period 1993-1998, resident Latino births increased 165 percent. During the same period, resident births to mothers who listed their birthplace as Mexico increased 330 percent. From 1990 to 2000, the REDC estimated a total of 2,374 births to Hispanic mothers in Memphis and Shelby County, with a large proportion of these mothers born in Mexico.

Enrollment of Hispanic children in the public and private schools of Memphis and Shelby County is clearly on the rise. There was a total of 2,581 Hispanic students at the end of the academic year 1999-2000, up from 572 in 1992-1993. Public schools in some neighborhoods enrolled a particularly large number of Hispanic children, such as Jackson Elementary (22.30 percent Hispanic), Bruce Elementary (17.20 percent Hispanic), South Park Elementary (14.00 percent Hispanic), Macon Elementary (9.80 percent Hispanic), Treadwell Elementary (9.80 percent Hispanic), and Sheffield Elementary (7.70 percent Hispanic).

Many local businesses and service agencies, including healthcare providers, have expanded their workforce by hiring Spanish-speaking or bilingual workers in an effort to serve the Latino population more effectively. Banks and other financial institutions have begun to train employees to deal with the growing immigrant clientele. Money order services and wire transfers in Spanish have proliferated. Approximately 4 percent of Western Union's total outgoing transactions in the Memphis metropolitan area are sent to Mexico.

Homeownership is a good measure of immigrants' assimilation to the urban context. According to studies of homeownership among Hispanics and certain other ethnic groups in the United States, English-language proficiency is a potent determinant of homeownership. Latino communities with Spanish-language newspapers and bilingual real-state agents, as is the case in Memphis, have social networks that provide a flow of information about housing opportunities. CROW's analysis of public records available through the local Tax Assessor's Office identified 1,584 Memphis homeowners with Spanish surnames. Of these, we estimate that 828 homeowners—based on their Spanish first name and surname, and the location and value of their property—may be first-generation Latino immigrants.

The Economic Impact of Latinos on the Memphis Economy

Latino workers in the Memphis area have a total economic impact of \$1,020,000,000 and 35,972 jobs. That impact is made up of the work they do in the Memphis economy and the jobs they create through their consumer expenditures in Memphis businesses.

Most Latinos came to the Memphis area since the mid-1990s in search of jobs in the vast and growing industries of trade, distribution and construction. In general, these immigrants have found their job expectations fulfilled. Low unemployment rates in the region made it relatively easy to find employment even if they did not speak English. In addition, it appears that Latinos did not displace local workers. From 1995 to 1999, the number of jobs in the Memphis economy grew from 531,600 to 586,300. While the number of jobs grew by 54,700, the number of workers in the labor force grew by only 35,100, so there were jobs available for new workers.

This analysis of the economic impact of Latino workers on the Memphis regional economy uses traditional multipliers to estimate not only the work that Latinos do, but also the jobs that their consumer expenditures create in the greater Memphis regional economy. When a new Latino worker accepts a job in, e. g., the Memphis construction industry, he or she helps the regional economy grow both by earning an income and by spending a portion of that income on housing, food, and other locally purchased goods and services. These expenditures help create even more jobs.

The University of Memphis REDC projected a Memphis Hispanic population of 53,628 in 2000. Assuming a distribution of children, men and women that is based on the U.S. Census Bureau's analysis of the national Hispanic population in 1999, there are currently 27,429 Latino workers in the Memphis economy. The gender breakdown for Latino workers in Memphis is 9,470 women and 17,959 men.

These 27,429 Latino workers hold jobs throughout the Memphis economy. However, they tend to be concentrated in three economic sectors: construction, distribution and retail trade. While some workers in managerial and supervisory jobs may earn as much as \$18.00 per hour, most Latinos in the Memphis economy are employed in semi-skilled jobs where wages vary between \$7.00 and \$10.00 per hour. Although most

Latino workers earn less than \$20,000 per year, they have one unusual characteristic for low-wage workers: they tend to have very high savings rates. We estimate that the typical Latino worker saves almost 30 percent of his/her income, sending over 2/3 of the savings back to a family in Mexico or another Latin American country.

Latino workers earned \$570.8 million dollars in wages and salaries in the Memphis area in 2000. As noted above, most are employed as semi-skilled workers in the construction firms, warehouses and retail trade establishments of the Memphis economy. Often speaking only Spanish, these workers use temporary employment agencies or small firms with Spanish-speaking supervisors to gain employment.

Of the \$570.8 million that they earned in 2000, we estimate that Latino workers paid at least \$85.6 million in payroll/income taxes and sent \$125.6 million home to their families in Mexico or other parts of Latin America. In addition, Latinos generated, through their consumer expenditures, approximately \$12.3 million in local and state sales taxes. Perhaps most surprising, Latinos spent \$359.6 million in the local economy. By sector, they spent the following amounts:

**Consumer Expenditures and Savings of Latino Workers
in the Memphis Economy**

- \$45 million in local grocery stores
- \$20.2 million in restaurants
- \$74.8 million for housing
- \$49.4 million for utilities, furnishings and household supplies
- \$23.1 million for clothing
- \$69.0 million for transportation or car operation
- \$14.2 million for health care services
- \$38.1 million for other consumption items
- \$26.0 million for savings in local banks

The multiplier impact of these expenditures of \$359.6 million by local Latino workers is impressive. These expenditures result in another \$664.0 million spent locally by workers and businesses that benefit from Latino workers in the Memphis economy. Consumer expenditures by the Latino community also result in the creation of 8,544 additional local jobs in Memphis. These local expenditures and additional workers increase the regional payroll by \$570.8 million for Latino workers and \$176.5 million for workers in the other 8,544 new jobs.

In sum, Latino immigrants play an increasingly important role in the social life and regional economy of Memphis. They contribute a new element of cultural diversity to the city's schools, churches, and neighborhoods. In their search for economic opportunity, Latinos recall prior generations of Southerners who migrated for similar reasons. Just as earlier migrants fueled the growth of Memphis as a major distribution center, so do contemporary Latino immigrants contribute to regional economic development.

Afterword on Terminology

Hispanics/Latinos in the United States are a diverse population, composed of people whose ancestors settled in the Southwest centuries ago, others who were incorporated in this nation at the beginning of the twentieth century, and still others who have immigrated more recently from Mexico, Central and South America, and the Caribbean.

Until the mid-1960s, Hispanics/Latinos as a group had limited visibility in U.S. society as a whole, and the terms "Hispanic" and "Latino" were still not widely known. The upsurge of a Chicano (Mexican American) movement in the wake of the civil rights movement affirmed a distinctive Latino presence in the U. S. In 1970, the Bureau of the Census used the label "Spanish" for the first time as an option that people could draw on to define their own identity. In 1978, a decision of the federal Office of Management and Budget, with advice from the King of Spain, adopted the term "Hispanic" for use in the 1980 decennial census and in all other official documents. The Office of Management and Budget Statistical Directive 15—which regulates all federal record keeping and data

presentation—defined Hispanic as “A person of Mexican, Puerto Rican, Cuban or Central American, or other Spanish culture or origin, regardless of race.”

Although Latinos are popularly thought of as a fifth “race” (along with Asian Americans, Native Americans, African Americans, and European Americans), “Latino” and “Hispanic” are ethnic references that denote a culture of origin. Thus, dark-skinned Latinos may be racially classified as “black” and lighter-skinned Latinos as “white.” By allowing individuals to self-identify with an ethnic category (Hispanic or non-Hispanic) as well as by race, the U. S. Bureau of the Census assumes that persons of Hispanic origin or ancestry are also white, black, Asian or Native American.

In the 2000 census form, the Bureau of the Census introduced the options Spanish/Hispanic/Latino to answer the question about Hispanic origin or ancestry. The introduction of the label “Latino” in the census form legitimizes a term that is widely used in some political circles and certain regions of the country (e. g., California and the Southwest). “Latino” has a connotation of populist inclusivity, while “Hispanic” has a more established connotation. Sometimes “Latino” is written as “Latino/a” to avoid excluding women (Latinas) from the political discourse. Second generation Latinos in the U. S. who have internalized the rules of the English grammar sometimes prefer the “Latino/a” expression. In this paper, we follow the terminology used by government agencies and other researchers when reporting their findings (e.g., “Hispanic” for census data in most years), and “Latino” in all other cases.

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