MEXICO AND UTAH

A COMPLEX ECONOMIC RELATIONSHIP

REVISED DRAFT
CIRCULATED FOR COMMENTS AND USE
SUGGESTIONS FOR FURTHER RESEARCH
WELCOMED

A SUMMARY PUBLICATION WILL BE RELEASED IN
MARCH, 2006

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We would like to thank the following individuals who have read the draft and made helpful comments—and who have no responsibility for any problems in the resultant study:
Dr. Theresa Martinez, Dr. Pamela Perlich, Dr. Armando Solorzano, Dr. Janice Houston, Ms. Maritza Sotomayor, Mr. Adam Bishop, Mr. Derek Colvin

We would also like to acknowledge the financial support of Zions Bank-Su Banco, of the Office of the President, University of Utah, and of the Institute for Public and International Affairs of the College of Social and Behavioral Science. Staff in the Dean's Office of the CSBS, Aleta Tew and Marilyn Cox, provided logistical support for the project, which was greatly appreciated.

The initial impetus for the study came through the Consul General of Mexico in Salt Lake City, Salvador Jimenez, with the encouragement of Senator Jeffrey Jones of the Mexican Senate. We thank both of them, as well as Adam Bishop whose internship with Sen. Jones was an added spark to the study.

SECRETARÍA DE RELACIONES EXTERIORES
MÉXICO

February 2006

I would like to express my appreciation to the University of Utah for the useful and insightful research done in producing the "Economic Impact of the Mexico-Utah Relationship". The document speaks very highly of the prestige of the University of Utah and its researchers, who participated with remarkable effort and capacity in assembling the study.

The enthusiastic support of the University in doing this work reflects its awareness of the vital contribution of Mexico to the social and economic reality of Utah.

Likewise, this study confirms the disposition and wisdom of the University in embracing the young members of the Mexican community residing in Utah, for whom the value of access to higher education is undeniable. In doing this, the University is participating in shaping a more integrated and diverse future for the State of Utah.

The "Economic Impact of the Mexico-Utah Relationship" follows similar studies completed in states such as Arizona, California, Nevada and North Carolina. I am convinced that all these studies will raise the awareness of the U.S. society as a whole to the benefits and opportunities derived from the relationship with Mexico and of the substantial contributions of the Mexican community in the United States through their work, purchasing power, rich culture and traditions.

I would not want to exclude thanking Zions Bank, which helped to sponsor this study. With its support, Zions Bank is helping to promote a better basis of knowledge and understanding between Utah and Mexico and to ensure that this friendship grows stronger in years to come.

I firmly believe that the importance of our relationship and the fluent, intense and friendly cooperation among us, provide solid ground to move ahead looking to our promising future based on the opportunities given by our neighborhood.

Luis Ernesto Derbez Bautista
Secretary of Foreign Affairs of Mexico

INSTITUTE OF PUBLIC & INTERNATIONAL AFFAIRS
THE UNIVERSITY OF UTAH

16 December 05

Salvador Jiménez Muñoz
Cónsul Titular de Mexico en Salt Lake City, Utah

I am very pleased that The Institute of Public and International Affairs (IPIA), University of Utah, has been the institutional base for the scholarship carried out in completing this project on the economic impact of the Mexico – Utah relationship. The intellectual capabilities, expertise and energy of our faculty are the core resources of the IPIA and the University. The report is wholly due to the research team's efforts. We hope and expect that further research related to the relationships involving Mexico and Utah will be carried out under the aegis of the IPIA.

The Institute of Public and International Affairs was established in June 2005 as a new institute in the College of Social and Behavioral Science. IPIA will energize and expand the University of Utah's activities and programs in: public policy, applied politics, socio-political-economics, security, government, and governance in the U. S. and internationally. IPIA will be a center of excellence at the University that provides expanded and exciting new opportunities for students and faculty to participate in innovative inter-disciplinary research, learning, civic engagement, and service. This project is very much in the spirit of the IPIA.

Sincerely,

J. Steven Ott, Dean, College of Social and Behavioral Science and Interim Director of IPIA

Consulado de México

Salt Lake City, Utah

December 18, 2005.

How thankful I am to the University of Utah for having opened its doors to me when I came asking for its support to do research on the economic impact of the relationship between Mexico and Utah.

The first specific instruction I received from the Mexican Secretary of Foreign Relations, Dr. Luis Ernesto Derbez, upon being designated Consul of Mexico in Salt Lake City, was to promote with the University of Utah the elaboration of such a research paper.

In addition to providing consular services to Mexican nationals, such as issuing passports, matriculas consulares, powers of attorney, birth registrations and, most importantly, protection, an important aspect of our work is to promote a closer and stronger relationship between our country and the states of our jurisdiction.

However, how can we do this when the knowledge and information is based on misconceptions about our people who come to live and work in places like Utah?

That is why it is so important to us, when we are trying to build a strong relationship with Utah, that we use objective and reliable information that describes the reality of the many contributions of Mexican immigrants to the society of Utah with their hard work, rich culture, traditions and family values.

That is why we asked the University of Utah to do this research using its renowned human resources to gather all the meaningful data using the most reliable methodology. The result is an informative document that speaks very highly of the prestige of the University.

In having conducted this research, the University of Utah is reaffirming its commitment to promote a better understanding of those minorities that are now part of the diversified society of this state. In doing so, it is helping to shape a harmonious and promising future for the great state of Utah.

My special appreciation to Zions Bank for its generous sponsorship of this study.

Sincerely,

Salvador Jimenez Muñoz
Consul of Mexico

ZIONS BANK®

A. SCOTT ANDERSON
President and
Chief Executive Officer

October 2005

From Zions Bank

Zions Bank is honored to sponsor this important piece of economic research done by scholars of the University of Utah. The growing Hispanic community in Utah, and particularly the importance of the Mexican community, is significant not only to the social and economic development of the state but in the cultural development of our own communities.

That is why Zions Bank is a sponsor of this research project entitled *"The Economic Impact of the Utah-Mexico Relationship"* which measures the social and economic impact of the Mexican community in Utah, their contributions to our state, and the value of the relationship of our state with the Republic of Mexico.

Zions Bank is committed to serve all communities in Utah; that is why we have invested significantly in events, festivals, programs and projects that promote the richness of Hispanic and Mexican culture throughout the state. Through the new Zions Bank Su Banco branches, Zions is serving and meeting the financial and banking needs of our Spanish speaking communities.

I hope that the citizens of this State of Utah will read and analize this research document and value the importance of the Mexican community in our state and of our diplomatic relationship with Mexico. We reiterate our commitmment to serve the Hispanic communit,y and we welcome their social and economic contributions to this great State of Utah.

Sincerely,

A. Scott Anderson
President & CEO
Zions Bank

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INTRODUCTION

In 2002, Utah and Salt Lake City proudly declared "The World is Welcome Here." The resounding success of the Olympic Games validated the statement and seemed to signal the state's openness to that complex process popularly termed "globalization."

By 2005, the welcome certainly has more conditions attached and the popular press reflects concern about many aspects of globalization: the growth of China's exports and its role in world production; the transmission of diseases such as avian flu; the relation of US laws to international law; the dramatic price increase in international oil imports; or the influx of migrants, especially undocumented migrants from Latin America.

The physical presence of migrants throughout Utah often makes them the focus of the disaffection with globalization's effects. The "English-only Law" was the first reaction, followed by restrictions on drivers' licenses and new proposals to reverse undocumented students' in-state tuition eligibility.

Since Mexicans are by far the largest segment of the migrant population, they have become the focal point of efforts to put conditions on the welcome to the world. One irony is that US relations with Mexico have been the standard-bearers of globalization since 1994 when NAFTA (North American Free Trade Agreement) came into effect. Focusing only on the population movements since that time misses the breadth and depth of the developments in our relations with Mexico since 1994.

The main goal of this study is to examine the complex relationship between Utah and Mexico, concentrating on broadly defined economic linkages. It mirrors earlier studies for Arizona and Texas that examined their economic relations with Mexico. Given the often inflated rhetoric in debates about economic integration, free trade, and immigration, and their obvious policy implications, it is important to understand what impact these larger processes are having locally. We hope to contribute to these policy debates by providing objective data and information that provide a clearer picture of the reality of closer ties between Utah and Mexico.

Two publications emerged from this undertaking: a longer analytical study that examines the Utah-Mexico relationship in great detail, and this publication, which highlights the most important elements of that longer study. What you have in your hands omits much of the detail and analysis of the longer study. However, it should give the reader a tangible sense of the complex, multi-faceted, and sometimes ambiguous relation between Mexico, the US, and Utah, a relation that has evolved over the years since NAFTA and that continues to evolve. It should be clear that migration is only one element in the increasingly important relation between Mexico and Utah.

EXECUTIVE SUMMARY

The study concentrated on five linkages that are central to the Utah-Mexico relationship: Mexicans who are physically in Utah; trade relations between Utah and Mexico; financial relations linking Utah and Mexico; the tourism link; and access by undocumented students to university education.

In all cases, the main effort was to scout out and report the most up-to-date and most reliable information related to the issue. At the same time, we were asking questions about the explanations and reasons for the patterns that we found in the data. Several examples can illustrate. In the case of the Mexican immigrants to Utah, comparison between the US pattern, the pattern in surrounding states, and the Utah immigrants shows clearly that the Utah immigrants are more recent and exhibit a pattern that can be termed "a leading immigrant community." The trade relations show the growing importance of trade with Mexico, but also illustrate that Utah has developed a stronger relation with Mexico than any surrounding non-border state except Colorado. On the other hand, the Colorado pattern is dramatically more dynamic than Utah's, and issue to be explored further. The financial sector study found a surprising number of businesses in Utah owned by Mexican nationals and immigrants, even though the data are from 1997. The numbers have certainly grown since. In addition, the importance of remittances is documented, noting that again Colorado's level of activity is far higher. The tourism section documents the two-way flow of tourists, with Mexico the most popular destination for US tourists and Mexicans the second largest category of visitors to the US. In the case of Utah, this suggests almost 100,000 Mexican tourist visitors per year. The section also documents the centrality of the foreign born to staffing the tourist industry, particularly the ski industry—and a large percentage of these are Mexican. Finally, the HB 144 section describes the program whose purpose is to facilitate access to higher education for undocumented students, usually Hispanic. Based heavily on data from the University of Utah, the section suggests that the program most likely results in an increase in tuition revenues paid, since it encourages students to attend who could not do so if they had to pay out-of-state tuition.

The table below presents the major results obtained for those who would like a summary. We encourage you to read the full study, since it provides context and analysis of the particular results.

THE MAIN LINKS BETWEEN MEXICO AND UTAH

MEXICANS IN UTAH	TRADE RELATION	FINANCIAL FLOWS	TOURISM	EDUCATE UNDOC
In 2003, Utah's Hispanic population was 233,425, 9.9% of the total.	In 2004, Mexico ranked 8th in Utah exports at $122 million.	Mexican nationals and immigrants own 1,834 businesses in Utah accounting for US$227 million in annual sales.	Tourists spend an estimated $4 billion per year in Utah.	In 2003-2004, HB144 students paid USHE tuition of $119,962 and had $299,905 waived.
67.7% of Hispanics are of Mexican ancestry	Transportation equipment and Chemicals are the largest exports.	These businesses employ 3,213 people in addition to immediate family members and average US$ 123,773 in annual sales per business.	98,000 Mexican tourists visited Utah in 2002-2003.	At UofU net tuition most likely increased by $22,381 for Fall, 2003 to Spring, 2005.
Mexican immigrants in 2000 were 42% of all foreign-born in Utah, and about 3% of total Utah population.	Only Colorado exports more to Mexico, among surrounding states(except Arizona).	37% of Hispanic business in Utah are in the service sector, 13% in retail, and 11% in construction.	Mexican skier-tourists spent US$1million in Utah.	Utah's Hispanic 4th graders are behind white students and national Hispanic students.
About half of Utah's Mexican immigrants are undocumented.	In 2004, Utah imported $308 million of goods from Mexico.	Hispanic owned businesses paid $85 million in wages.	One-quarter of foreign visitors to the US are from Mexico.	Utah's Mexican Hispanics: over national average High School, below on higher education.
The demographics of Utah's Mexican immigrants are very similar to Colorado's.	Vehicles and Jewelry/Precious Metals are the largest imports.	65% of US Latinos have bank accounts; 68% of Utah Hispanics have a savings account.	Mexicans are one of the top three LDS nationalities.	5.2% of Utah HS graduates were Hispanic in 2002; in 2018 it will be 24%.

Mexican immigrants own property valued at $984 million.	Only Colorado imports more from Mexico, among surrounding states(except Arizona).	US$148 million in remittances from Utah to Mexico in 2004, for an average of US$1,785 per individual.	Mexican immigrants are the working backbone of the tourist industry. High % service industry jobs held by Mexicans.	The rate of return to higher education is between 12% and 20%.
Mexican immigrants are concentrated in operative and laborer jobs.	Utah added 281,790 jobs between 1993 and 2005.	By comparison, Mexicans in Colorado sent approximately US$463 million for an average of US$2,008 per individual.	12 out of 25 top occupations held by foreign born are tourist related.	An Hispanic college grad will earn $1.7 million compared to $1.1 million for a HS graduate.
The purchasing power of Mexican immigrants in Utah exceeds $1 billion.	Trade with China cost 12,765 jobs and trade with NAFTA 8,022 jobs.	Utah businesses captured at least US$9 million in transaction fees. By comparison, Colorado businesses captured more than $30 million in fees.	Foreign born are up to 5.5 times more concentrated in tourist service jobs.	A 1% increase in college graduates raises Utah per capita income by $152.
Mexican immigrants paid about $67 million in income, sales, and property taxes to Utah in 2000.	2,826 workers were eligible for NAFTA Adjustment Assistance, 1994-2004.	Growing migration presents significant economic opportunities for Utah and Mexico, but current policies create disincentives for investment.	The highest concentration of Mexican population lives in the largest tourist venues: Wendover, Park City and SLC.	One more high tech firm in Utah would raise per capita income significantly.

A. MEXICAN IMMIGRANTS IN UTAH: DEMOGRAPHICS AND EMPLOYMENT

1. BASIC DEMOGRAPHICS

Hispanics in Utah

According to the Census of Population, there were 201,559 persons of Hispanic descent living in Utah in 2000. They amounted to about 9.0% of Utah's total population (which was 2,233,169). These figures reflect remarkable recent growth in the Hispanic population. In 1990, there were just 84,597 Hispanics in Utah, or 4.9% of the state's population in that year (Gusman 2001, Table 2). The Hispanic population in Utah grew by 138% during the 1990s, while Utah's population as a whole grew by 30%. By 2003, the Hispanic population had risen to 233,425, or 9.9% of the total population of 2,351,467 (US Census Bureau 2004). While the growth rate for Utah's total population has been quite rapid, the growth of the Hispanic population in the state has outpaced even this rapid rate. It is worth noting that this growth has been much more rapid than was recently anticipated. Census Bureau projections published in 1995 predicted that Utah's Hispanic population would not reach 210,000 until the year 2015 (US Census Bureau 2005a).

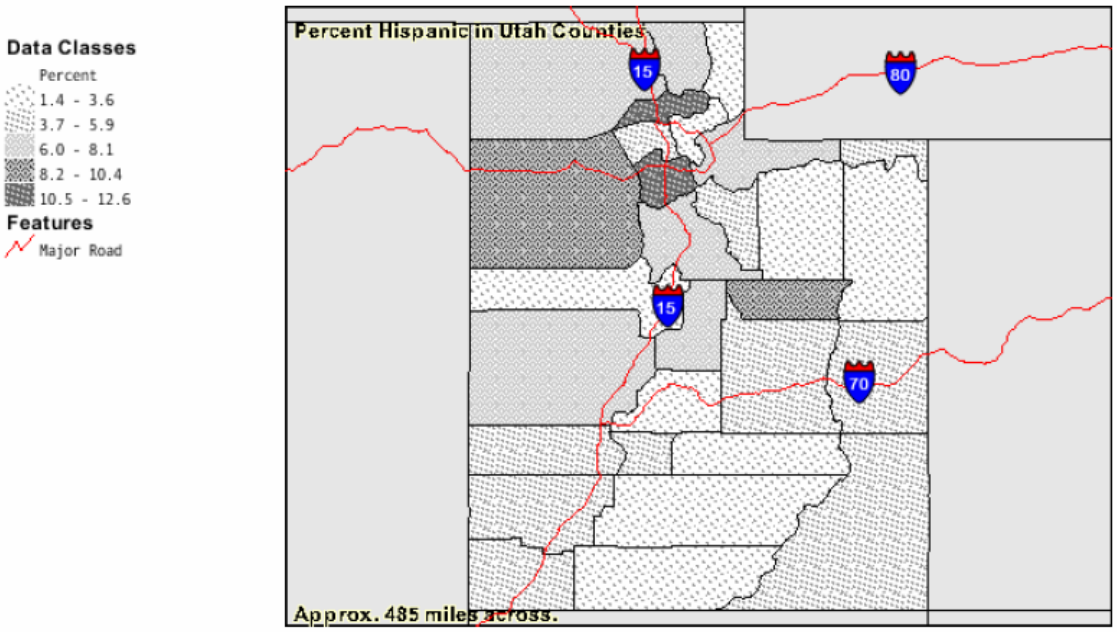
Utah's Hispanic population, like Utah's total population, is highly concentrated in Salt Lake County. Over half of all Hispanics in Utah lived in Salt Lake County in 2000 (106,787 persons). They amounted to 11.9% of Salt Lake County's population in that year. In percentage terms, however, the "most Hispanic" county in Utah in 2000 was Weber County. The 24,585 Hispanics living there accounted for 12.6% of the total population. Over three quarters of Utah's Hispanic population (versus about 66% of the total Utah population) reside in Salt Lake, Utah, and Weber counties (see Figure A.1.1) (US Census Bureau 2005b).

People of Mexican Ancestry, and Mexican Immigrants

The vast majority of Hispanics in Utah are of Mexican ancestry. 136,416 persons of Mexican ancestry were resident in Utah in 2000, amounting to 67.7% of all Hispanics in the state (US Census Bureau, Census 2000, Summary File 1). In the same year, there were 66,478 Mexican-born people living in Utah. They accounted for about 42% of the 158,664 foreign-born people in Utah. The next most important country of origin for immigrants in Utah was Canada, with an immigrant population of 7722, and the next most important Central or South American country of origin was El Salvador, with an immigrant population of 3201 (US Census Bureau, Census 2000, Summary File 3).[1] The predominance of the Mexican-born in Utah's immigrant flow is clearly transforming the demographics of the state. In 1970, about 95% of the Utah population was white and non-Hispanic. By 2000, the white-and-non-Hispanic share had fallen to 85% (Perlich 2004).

[1] "Mexican-born people" are not simply a subset of those reporting "Mexican ancestry." Some people born in Mexico do not report Mexican ancestry. Similarly, some US residents reporting Mexican ancestry were not born either in the US or in Mexico. Below, references to "Mexican immigrants" denote Mexican-born residents of the United States specifically.

Figure A.1.1: Percent Hispanic by County in Utah, 2000



2. MEXICAN IMMIGRANTS IN UTAH: COMPARISON TO NEAIGHBORING STATES

Relative to other states in the region, Utah's Mexican immigrant community is smaller and has more of the characteristics of a "leading immigrant" community (see Table A.2.1). Mexican immigrants in Utah are more likely to have arrived very recently. For the nation as a whole, 23% of Mexican immigrants resident in the US in 2000 arrived after 1995. In Utah, this share was 38%. Colorado's Mexican immigrant population was also quite recently arrived (37% after 1995), but the post-1995 shares were considerably smaller in Arizona (27%), California (17%), New Mexico (16%), and Nevada (26%).

Utah's Mexican immigrant population in 2000 was also more "male" than average: 60% of Utah's Mexican immigrants in the year 2000 were men, versus 55% for the nation as a whole. Again, Colorado's Mexican immigrant community most closely resembles Utah's. 59% of Mexican immigrants in Colorado were male. The communities in Arizona, California, New Mexico, and Nevada had more balanced sex ratios.

Table A.2.1: Demographics of the Mexican Immigrant Population

	US	UT	AZ	CA	CO	NM	NV
Total	9177487	66478	436022	3928701	181508	153946	107272
Percent Male	55%	60%	54%	53%	59%	52%	56%
Married, Spouse Present	48%	43%	46%	49%	45%	53%	47%
Not a Citizen	77%	85%	78%	75%	83%	70%	77%
Arrived after 1995	23%	38%	27%	17%	37%	16%	26%
Speaks English Only or Speaks English Very Well	29%	30%	31%	29%	26%	33%	29%
Education: High School Diploma or More	28%	32%	31%	27%	27%	27%	29%
Age:							
Under 15	11%	14%	13%	10%	14%	11%	12%
Under 30	46%	59%	48%	42%	56%	38%	49%
25 to 54	60%	54%	56%	62%	55%	59%	62%

Sources:
Total Population: Table PCT19: Place of Birth for the Foreign Born Population, Summary File 3 Data, Census 2000 (accessed at factfinder.census.gov, 7/29/05).
All other figures: 2000 Census IPUMS dataset, 5% sample (Ruggles et al 2004). Marital status calculated for those 15 and over. English language ability calculated for those 5 and over. Education calculated for those 16 and over not currently enrolled in school.

Mexican immigrants in Utah were less likely to be married and less likely to be citizens than were Mexican immigrants in surrounding states and in the nation as a whole. Mexican immigrants in Utah were also on average slightly younger than Mexican immigrants in the US as a whole and in nearby states. They were particularly heavily concentrated in the 15-to-30 age range. This probably reflects high rates of migration in this age group and the recent arrival of Utah's migrants. In the nation as a whole and in all of these states, Mexican immigrants are heavily concentrated in the prime working ages of 25 to 54, though Utah's share in this category is somewhat lower due to the relative youth of its immigrant population. For comparison, note that only 38% of the US-born population in Utah is found in this age range, much lower than the 54 percent of Mexican immigrants..

In contrast to their youth, recent arrival, and lack of citizenship, however, Utah's Mexican immigrants reported themselves to have slightly more education than Mexican immigrants in the nation as a whole and in surrounding states. 32% of Utah's Mexican immigrant population reported that they had at least a high school diploma. Mexican-born people in Utah were about as likely as those in the nation and in neighboring states to indicate that they spoke English at least "very well."

4. THE UNDOCUMENTED MEXICAN IMMIGRANT POPULATION

Much of the policy discussion regarding immigration in the US and in Utah focuses on the size and characteristics of the undocumented population. This group is hard to study using standard sources, for obvious reasons. Still, its importance requires that we make some effort to estimate the characteristics of this group. Here, we follow the method proposed by Steven Camarota (2001) and allocate the Mexican immigrant population identified in the Census into "documented" and "undocumented" categories based on whether a given individual has characteristics found to be common among the undocumented. This approach probably understates the size of the undocumented population, many of whom probably do not show up in Census counts. It nonetheless provides a rough portrait of this community.[2] On this basis, 44% of the Mexican immigrant community in Utah is undocumented. The proportion is slightly larger among those under 18 (46%) and among single people over age 18 (50%), and it is somewhat smaller for married people (39%). The undocumented population in Utah is somewhat younger than the Mexican immigrant population as a whole, with about 68% under the age of 30 and 51% in the prime working ages of 25 to 54.

Other estimates of the undocumented population are typically generated by a "residual method." In this estimation, the legally resident foreign born population (calculated from agency records on legal permanent residents, legal temporary residents, and refugees,

[2] Specifically, we classify as undocumented those individuals who arrived in 1980 or later, were less than 60 years old, were not citizens, were not receiving assistance through TANF, General Assistance, or SSI, were not married to a US citizen, and (i) if over age 18, had not received a high school diploma, and (ii) if younger than age 18 (and not married), had parents who were likely to be undocumented (by the criteria above). Camarota includes non-receipt of food stamps and Medicaid in his criteria, but these are not observable in the 2000 Census.

asylees, and parolees) is subtracted from the total foreign born population (usually estimated from the Census) to arrive at a residual representing the number of undocumented foreign born. This type of calculation usually incorporates an adjustment for the undercounting of immigrants in the Census. Jeffrey Passel applies this method to more recent Current Population Survey figures and estimates that the undocumented population for the nation as a whole was 5.9 million, or about 57% of all foreign born people in the US, by March 2004. Passel also estimates that Utah was among the five states with the highest percentage undocumented among its foreign born population, with an undocumented share that had grown to over 50% in that year (Passel 2005). [3] While Passel's method of estimating the undocumented is not completely compatible with the method employed here, it is safe to say, based on the figures he reports, that the undocumented population in Utah has grown substantially since the 2000 Census was recorded.

4. LABOR

Industry

Table A.4.1 presents the industrial distribution of Mexican immigrants working in the US, in Utah, and in neighboring states. In general, Mexican immigrants in the US are concentrated in wholesale and retail trade, manufacturing, construction, and business and professional services. Relative to the Mexican immigrants in the nation as a whole, Utah's Mexican immigrant workers are especially heavily concentrated in construction. This pattern is typical of Western states except California, and it is consistent with employment patterns for all types of workers in the West. Relative to other Western states except perhaps California, Utah's Mexican immigrant population is very heavily concentrated in manufacturing. Again, this is consistent with broader patterns: a larger share of Utah's total workforce is employed in manufacturing than is the case in Arizona, Colorado, New Mexico, and Nevada, and Utah Hispanics in general are much more likely to work in this sector (US Bureau of Labor Statistics 2002, Table 17).

Comparing Utah's Mexican immigrants to the total workforce in Utah, we find mostly predictable patterns (see Table A.4.2). Mexican immigrants are underrepresented in finance, insurance, and real estate; business and professional services; government work; and transportation, communication, and utilities. They are overrepresented in agriculture, construction, manufacturing, and personal service.

Documented and undocumented Mexican workers in Utah also differ in their industrial distribution in predictable ways (Table A.4.2). The undocumented are somewhat more likely to work in personal service, agriculture, and construction, and somewhat less likely to work manufacturing and business and professional services.

[3] Note that this does not mean that Utah's undocumented population was among the five largest in terms of absolute size. Passel's methods place Utah in the middle quintile of states in terms of the size of its undocumented population.

Table A.4.1: Industrial Distribution of Mexican Immigrants in the US, Utah, and Nearby States

Industry	US	UT	AZ	CA	CO	NM	NV
Finance, Insurance, Real Estate	2%	1%	2%	2%	2%	2%	2%
Personal Service	5%	6%	6%	5%	6%	6%	17%
Business/Professional Service	16%	15%	19%	18%	14%	19%	23%
Agriculture, Forestry, Fisheries	11%	7%	11%	13%	7%	12%	6%
Construction	16%	21%	20%	11%	30%	20%	24%
Government or Military	1%	1%	2%	1%	1%	2%	<1%
Manufacturing	22%	26%	13%	23%	14%	13%	7%
Mining	<1%	<1%	<1%	<1%	<1%	3%	1%
Trade	23%	20%	23%	23%	23%	21%	18%
Transport, Communication, Utilities	3%	2%	3%	4%	3%	3%	2%

Source:
2000 Census IPUMS dataset, 5% sample (Ruggles et al 2004). Based on individuals 16 and over, not enrolled in school, who worked in 1999.

Table A.4.2: Industrial Distribution of Utah's Mexican Immigrants by Documented Status, and Distribution of the Total Utah Workforce

Industry	Documented Mexican Immigrants	Undocumented Mexican Immigrants	Total Utah Workforce
Finance, Insurance, Real Estate	2%	<1%	7%
Personal Service	4%	8%	3%
Business/Professional Service	17%	12%	32%
Agriculture, Forestry, Fisheries	4%	10%	2%
Construction	19%	24%	10%
Government or Military	1%	1%	7%
Manufacturing	28%	24%	14%
Mining	<1%	<1%	1%
Trade	21%	20%	20%
Transport, Communication, Utilities	3%	1%	6%

Source:
2000 Census IPUMS dataset, 5% sample (Ruggles et al 2004). Based on individuals 16 and over, not enrolled in school, who worked in 1999. See text for definition of documented and undocumented

Occupation

While Tables A.4.1 and A.4.2 classify workers based on the kind of good or service their firm produces, we can also classify workers by the tasks they carry out within a firm, for instance as managerial, craft, or service workers. Tables A.4.3 and A.4.4 provide this kind of breakdown. In the US generally and throughout the West, Mexican immigrants are much more likely to be found in blue collar work (craft, operative, or laborer) and in service work than in white collar jobs (professional/technical, managerial, sales, or clerical). The concentration of Utah's Mexican immigrant work force in operative and laborer jobs is particularly noteworthy, reflecting the relatively large manufacturing sector in the state. On the whole, though, differences across these states in occupational distribution are not large, except for the predominance of service jobs in Nevada.

When we compare the occupations of Mexican immigrants in Utah to the overall occupational distribution in the state, the lack of access of immigrants to white collar jobs appears quite dramatically. We can also see the relative concentration of Mexican immigrants in skilled craft jobs relative to the general workforce. Undocumented workers are just as likely to hold these craft positions as are documented immigrants. On the other hand, undocumented workers are much more heavily concentrated than other immigrants in generally poorly-paying service jobs. (See Section D, which treats the tourism sector specifically).

While the occupational distribution of Utah's Mexican immigrants largely resembles that of Mexican immigrants in other states, it is worth noting that unique processes may affect the economic assimilation of immigrants in Utah. Many immigrants who come to Utah are members of the Church of Jesus Christ of Latter-Day Saints (LDS), and these individuals are arguably connected to a dense network of information and support at arrival. LDS church membership is more common among immigrants from South America than among immigrants from Mexico (who tend to be Catholic). There is evidence that this difference in religious affiliation leads to more rapid economic assimilation among South American immigrants in Utah than among Mexican immigrants (Solarzano 2005, p. 196).

Table A.4.3: Occupational Distribution of Mexican Immigrants in the US, Utah, and Nearby States

Occupation	US	UT	AZ	CA	CO	NM	NV
Professional / Technical	4%	4%	5%	4%	3%	4%	2%
Management	6%	4%	6%	6%	6%	6%	5%
Sale	2%	1%	2%	3%	2%	3%	2%
Clerical	8%	6%	8%	9%	7%	7%	7%
Craft	15%	15%	18%	13%	19%	18%	17%
Operative	24%	28%	17%	24%	19%	18%	14%
Laborer	13%	17%	15%	12%	17%	12%	15%
Service	20%	22%	23%	19%	24%	23%	36%
Farmer	1%	<1%	<1%	1%	<1%	1%	<1%
Farm Laborer	7%	3%	5%	9%	4%	7%	1%

Source:
2000 Census IPUMS dataset, 5% sample (Ruggles et al 2004). Based on individuals 16 and over, not enrolled in school, who worked in 1999.

Table A.4.4: Occupational Distribution of Utah's Mexican Immigrants by Documented Status, and Distribution of the Total Utah Workforce

Occupation	Documented Mexican Immigrants	Undocumented Mexican Immigrants	Total Utah Workforce
Professional / Technical	7%	1%	22%
Management	6%	1%	15%
Sale	1%	1%	7%
Clerical	9%	3%	18%
Craft	14%	15%	12%
Operative	29%	26%	11%
Laborer	13%	21%	4%
Service	17%	27%	11%
Farmer	<1%	<1%	<1%
Farm Laborer	3%	4%	<1%

Source:
2000 Census IPUMS dataset, 5% sample (Ruggles et al 2004). Based on individuals 16 and over, not enrolled in school, who worked in 1999. See text for definition of documented and undocumented

Earnings

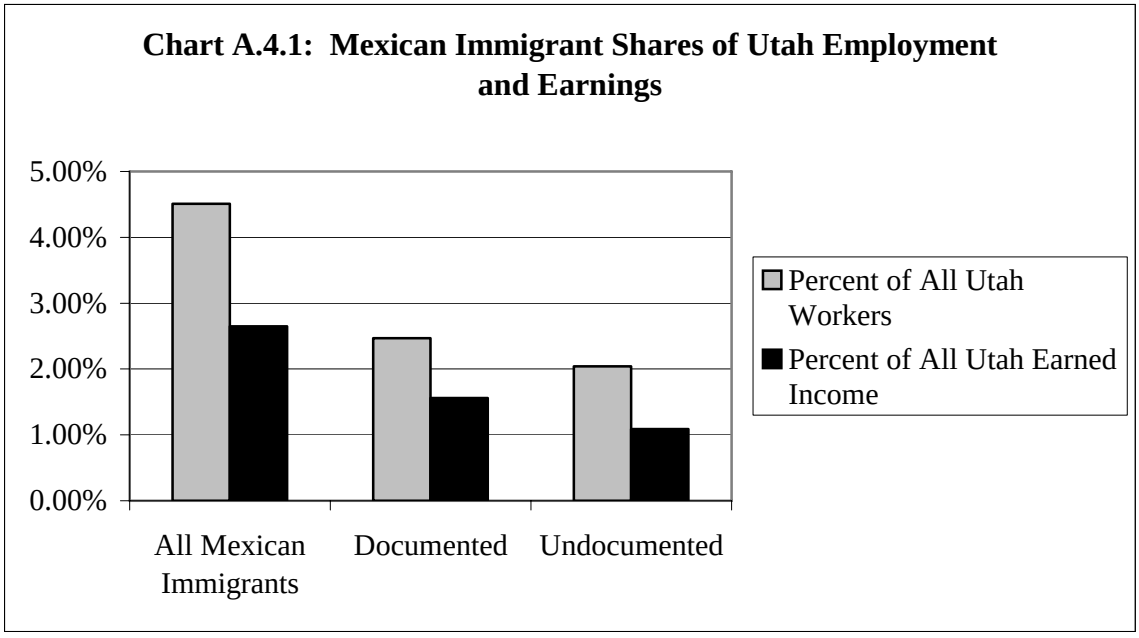
While about 3% of Utah's total population in 2000 was born in Mexico, about 4.5% of its workers were born south of the border (Table A.4.5, and Chart A.4.1). Mexican-born workers had average earnings equal to about 59% of the overall average in Utah. As a result, Mexican-born workers took home a disproportionately small share of Utah's total earned income. Their $679 million in earnings accounted for 2.6% of the total earned by wage and salary workers in the state. A little less than half of all of Utah's Mexican-born workers were undocumented (or about 2% of the total wage and salary workforce). Undocumented workers had an average annual income of a little over $16,000, about 84% of what documented Mexican workers earned.

Table A.4.5: Mexican Immigrant Employment and Payroll in Utah, 2000

Group	Number of Workers	Total Earned Income (Millions)	Average Annual Earned Income
Total	829802	$25654.16	$30916
Mexican Immigrants	37416	678.65	18138
Documented	20455	399.71	19516
Undocumented	16961	278.92	16470

Source:
2000 Census IPUMS dataset, 5% sample (Ruggles et al 2004). Includes individuals aged 16 to 64, not in school, who worked in 1999, were wage and salary workers had nonzero earnings, and were not unpaid family members. Self-employed individuals are not included. Including them alters the percentages only slightly. See text for definition of documented and undocumented

Chart A.4.1: Mexican Immigrant Shares of Utah Employment and Earnings



Source: See Table A.4.5.

5. PURCHASING POWER

While labor supply and earnings provide a measure of the scale of the Mexican immigrant presence on the supply side of Utah's economy, purchasing power estimates tell us something about their presence on the demand side. Data limitations are again an issue here. Our estimates of purchasing power for Mexicans in Utah are based on estimates of Hispanic purchasing power from the Selig Center's "The Multicultural Economy" report for 2004 (Humphreys 2004), adjusted by the ratio of total income for Mexican immigrants in Utah to the total income of Hispanics in Utah in 2000.[4] Table A.5.1 shows the total purchasing power of Mexicans and Hispanics, along with the total for Utah.

Table A.5.1: Purchasing Power in Utah (in Thousands of 2000 Dollars)

	2000	2004	2009
Hispanic	2,472,975	3,671,326	5,914,927
Mexican	915,001	1,358,391	2,188,523
Utah Population	45,153,689	56,048,840	77,204,016

Source: Humphreys 2004, and 2000 Census IPUMS dataset, 5% sample (Ruggles et al 2004)

In 2000, the purchasing power of Mexican immigrants was more than $900 million, which is about 2 percent of total Utah purchasing power. Assuming that Mexican immigrant purchasing power will remain at 37 percent of Hispanic purchasing power, and using the projection for Hispanics in Utah for 2009, we find that the purchasing power of Mexican immigrants in Utah will increase to over $2 billion by the year 2009 (and this is 2.8 percent of the purchasing power of the population in Utah).

6. TAX CONTRIBUTIONS

Tax contributions of Mexican immigrants in Utah is the sum total of their income tax, sales tax and property tax. Table A.6.1 summarizes the taxable income and property of Mexican immigrants. Note that our income tax figure represents the earnings of documented immigrants only, but that our purchasing power and housing value figures reflect all Mexican immigrants in Utah (documented and undocumented).

[4] The Selig Center report defines purchasing power as "the total personal income of residents that is available, after taxes, for spending on goods and services—that is, the disposable personal income of the residents of a specified geographic area" (Humphreys, p. 6). Their report provides estimates of total Utah purchasing power and purchasing power of Hispanics in Utah in 2000, 2004, and 2009. We then estimate Mexican immigrant purchasing power simply by multiplying the Hispanic purchasing power figure by the ratio of Mexican immigrant total income to Hispanic total income in 2000. Note that the purchasing power figures for Utah as a whole and for Mexican immigrants substantially exceed the earned income estimates in Table A.4.5. This is in part because purchasing power includes unearned income, and also because the figures in Table A.4.5 are restricted to wage and salary workers aged 16 to 64.

Table A.6.1: Taxable Income and Property, 2000 (in Thousands of 2000 Dollars)

	Total Personal Income*	Purchasing Power**	Total Value of Housing units*
Mexican Immigrant	486,679	915,001	984,417
Total Utah Population	40,691,825	45,153,689	85,614,794

*Census 2000 IPUMS dataset, 5% sample (Ruggles et al 2004); **From Table A.5.1

The personal income tax of Mexican immigrants is calculated using the state's tax rate for the lowest income bracket, and the rate for fiscal year 2000 was 2.3 percent. This rate is applied to taxable state income under the assumption that half of the Mexican immigrants are single filers and the other half are married couples with two children filing together. Hence, Mexican immigrants paid over $7 million to the state in personal income tax (Table A.6.2).

The total sales tax paid by Mexican immigrants is computed by applying the 5.75 percent sales tax (which includes the 4.75 percent state sales tax and the 1 percent local sales tax, which is applied to all twenty nine counties in the state) on their purchasing power as shown in Table A.5.1. In fiscal year 2000, Mexican immigrants paid over $52 million in sales tax to the State of Utah.

Table A.6.2: Tax Contributions of Mexican Immigrants, 2000 (in Thousands of 2000 Dollars)

	Income Tax	Sales Tax	Property Tax	Total
Mexican Immigrants	7,492	52,155	7,580	67,227

Property tax in Utah is levied by different units—counties, school districts, cities and towns and special districts—at different rates. Rather than attempt to estimate property tax paid directly from our housing value estimate, we rely here on self-reported property tax payments as reported in the 2000 Census. By this measure, Mexican immigrants in Utah paid over $7.5 million in property taxes on primary residential housing.

The total tax contribution of Mexican immigrants to the State of Utah is therefore more than $67 million in 2000.

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7. FISCAL IMPACT

Mexican immigrants clearly make large contributions to the public coffers. But they also receive public services and transfers. Do immigrants impose a fiscal burden on the native

population? That is, do they receive more in transfers and services than they pay in taxes? This is a complicated and technical question, and we cannot provide a Utah-specific answer. We can, however, consider some benchmarks based on national evidence.

There are two ways of thinking about the issue of net fiscal burden. One considers whether, in a given year, the immigrants present in the US receive more in transfers and services from the government than they pay in taxes. Data from a recent National Research Council report (Smith and Edmonston 1997) indicate that they do, though the size of the burden is arguably small. The average immigrant household (from whatever home country) imposed a net annual fiscal burden in the range of $1600 to $2200 in the mid-1990s. Spreading these costs across all native households in the United States would result in a cost of about 0.4% to 0.5% of average household income (ibid., p. 286-88). It should be noted, though, that cost estimates for Latin American immigrant households were higher, in the range of $5600 to $7200, generating costs closer to 1.2% to 1.5% of average household income (ibid, Table 6.5 and author's calculations).

An alternative and more complete way of considering the net fiscal impact of immigrants is to project likely taxes, transfers, and services into the future, and to include the taxes that will be paid by (and transfers and services that will flow to) the native-born children of immigrants. The impact of any particular immigrant in these calculations will be a function of education and of age at arrival in the US. The fiscal impact of immigrants who have at least a high school education tends to be positive in these calculations, as does the impact of immigrants who arrive by about age 40. Weighting across all education groups and ages generates a long-term positive impact of about $80,000 for the average immigrant, based on mid-1990s data (ibid, p. 336).

Not included in these calculations is the accrual of unclaimed Social Security benefits generated by undocumented workers. Since the passage of the Immigration Reform and Control Act of 1986, undocumented workers have increasingly used false Social Security numbers in order to gain employment. For the US has a whole, about $7 billion per year in Social Security taxes and about $1.5 billion per year in Medicare taxes are paid through false or erroneous Social Security numbers. About three-fourths of this revenue comes from undocumented immigrants (from all home countries) (Porter 2005).

This figure reflects all immigrant groups, however, and it is likely that the low level of education among Mexican immigrants would result in a less positive (or perhaps even negative) impact on government budgets. On the other hand, the relative youth and relatively high level of educational attainment of Utah's Mexican immigrant population, in comparison with neighboring states, would raise their contribution to state and federal budgets.

The negative "current year" impact and the likely positive long-term impact of immigrants may seem inconsistent at first glance. However, these two calculations are fairly easy to reconcile. For instance, in a "current-year" calculation, the use of public education by immigrant children, which accounts for a very large share of spending on

immigrants (ibid, p. 276-81), shows up as purely a drain on the public budget. In the long-term calculation, however, we properly recognize that this education will generate better-paying jobs, and therefore greater tax payments and smaller transfers, for these individuals as they enter the workforce.

Even though these long-term, dynamic estimates of fiscal impact are a substantial improvement over more myopic, cross-sectional calculations, we need to recognize that they are based on strong assumptions about public policy and individual behavior. We should also keep in mind that rates of economic assimilation by immigrants in US history have sometimes confounded expectations. The profound poverty and cultural isolation of the Irish in the 1800s, and of Italians, Poles, Russians, and others in the early 1900s, led to considerable skepticism about the economic prospects of these groups and to proposals for immigration restriction. The movement of these groups into the middle class in the middle of the 20th century depended on their own efforts but also on a labor market characterized by the opportunity for upward mobility. Similarly, the economic destiny of the Mexican immigrant community in Utah, and their economic contributions to the state, will be determined by their own efforts and by public policy and institutional initiatives that give these individuals the opportunity to develop and use their talents.

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B. TRADE RELATIONS

1. OVERVIEW OF TRADE WITH MEXICO

Since the establishment of the North American Free Trade Agreement in 1994, Mexico has become the second largest trading partner of the US, supplanting Japan who was in second place during the 1990s. This position is now threatened by the growth of US trade with China. As seen in Table B.1.1, Total US Imports-from plus Exports-to Mexico equaled $266 billion in 2004. This was 60 percent of the amount of trade with Canada and 10 percent greater than the trade with China. The ten countries in Table B.1.1 account for 67.5% of US Imports, and 64.7% of US Exports of goods. The intra-NAFTA trade has particular characteristics. Much of the trade with Canada is intra-company trade, particularly in the automobile industry. In addition, a large portion of the US trade with Mexico is maquila, or assembly trade, across the border between Mexico and California, Arizona, New Mexico and Texas. In any case, Mexico has become a very important trading partner for the US.

TABLE B.1.1
Top Ten Countries for US Trade, 2004

Country	Total in Billions of US $
Canada	445.03
Mexico	266.62
China	231.42
Japan	183.99
Federal Republic of Germany	108.62
United Kingdom	82.36
Korea, South	72.50
Taiwan	56.35
France	53.05
Italy	38.80

Source: US Bureau of Census, Foreign Trade Division, Foreign Trade Statistics <http://www.census.gov/foreign-trade/top/dst/2004/12/balance.html >Accessed June 3, 2005.

In 2004, US imports from Mexico exceeded our exports by $47 billion, contributing to the record US trade deficit of $607 billion. This is balanced by financial inflows that offset the low US saving rate. For example, in 2004 total liabilities to all foreigners increased by $506 billion, as a result of their purchases of US assets (US Treasury, 2005). Liabilities to Mexico increased by $15 billion in 2004, as Mexican savings flowed into the US. The largest part of the US trade deficit was with the Asian countries, particularly China whose 2004 trade surplus with the US was $162 billion. The largest elements in the deficit with Mexico were imports of maquila produced goods, oil imports, and imports of machinery and transport equipment.

Mexico's rank among Utah's trading partners is lower than its rank for the entire US because there is no maquila production in Utah and intra-company trade is less prevalent. The average exports for 2001-2004 made Mexico Utah's sixth largest export

destination, though in 2004 it was eighth largest, surpassed by China and Germany in that year. (Table B.1.2)

TABLE B.1.2

US Exports (Origin) via Utah: Top 10 Countries (in millions of dollars)

RANK	COUNTRY	2001 TOTAL	2002 TOTAL	2003 TOTAL	2004 TOTAL
1	CANADA	$543.2	$513.3	$544.3	$865.7
2	SWITZERLAND	$696.4	$1,341.3	$1,105.2	$772.7
3	UK	$421.3	$710.2	$486.5	$559.5
4	JAPAN	$396.4	$427.1	$475.6	$542.0
5	GERMANY	$93.6	$68.8	$118.7	$170.2
6	SINGAPORE	$46.3	$262.6	$38.4	$125.7
7	CHINA	$40.6	$64.2	$114.0	$123.0
8	**MEXICO**	**$113.6**	**$134.2**	**$111.2**	**$122.2**
9	PHILIPPINES	$79.4	$84.8	$103.6	$117.8
10	NETHERLANDS	$154.3	$137.8	$124.4	$105.3
UTAH AS % OF TOTAL US		0.48%	0.66%	0.57%	0.58%
SHARE OF UTAH'S TOP25		91.4%	95.0%	93.1%	93.8%

Source: US Bureau of Census, Foreign Trade Division, Foreign Trade Statistics
http://www.census.gov/foreign-trade/statistics/state/country/2004/utcty04.txt <Accessed June 3, 2005>

At this point, international trade is less important for the "inland empire" of Utah than for the many border and maritime states. Utah accounts for less than 1 percent of total US exports, 0.58 percent in 2004. Utah's 2003 population of 2,233,309 was 0.81 percent of the US population of 282,909,885. In terms of Gross State Product, the Department of Commerce (BEA, 2005) estimates that Utah contributed 0.69 percent of the US Total Gross State Product in 2003, indicating a smaller difference than the population share. Overall, Utah's exports made it the 32nd largest exporter among the fifty states in 2004.

2. UTAH'S EXPORTS

Table B.2.1 presents the composition of the Utah exports. Close to one-third is gold that is refined in the state, with the remainder a variety of manufactured parts for computers and for vehicles, chemicals, and food. Most of the gold is refined from raw materials from other states; it is shipped primarily to the United Kingdom, Canada and to Switzerland. This accounts for their top three rankings as export destinations for Utah products. The exports to Mexico are much more balanced, with the top export, Transportation Equipment, accounting for only 20 percent of total exports to Mexico. It is closely followed by Chemicals and then Food and Minerals.

TABLE B.2.1
Top 10 Utah Exports, Total and to Mexico, (000 of $ in 2004)

	TOTAL			MEXICO		
RANK	INDUSTRY	NAME	VALUE 2004	INDUSTRY	NAME	VALUE 2004
1	331	Primary Metals	$1,503,516	336	Transportation Equipment	$23,969
2	334	Computers and Electronics	$855,208	325	Chemicals	$20,351
3	336	Transportation Equipment	$468,468	311	Food	$15,955
4	325	Chemicals	$438,781	212	Minerals	$12,239
5	311	Food	$294,458	334	Computers and Electronics	$7,414
6	339	Miscellaneous Manufactures	$290,308	339	Miscellaneous Manufactures	$7,338
7	333	Machinery	$198,760	337	Furniture	$5,640
8	980	Unclassified	$101,958	326	Plastics	$5,443
9	212	Minerals	$96,318	333	Machinery	$4,944
10	335	Electrical Equipment	$80,494	910	Scrap	$3,665
	Total		$4,641,067			$122,200

Source: Utah Governor's Office of Planning, "2005 Economic Report of the Governor."

3. UTAH-MEXICO EXPORTS: STATE COMPARISON

Between 1993 and 2003, Utah's merchandise exports to both NAFTA partners, Canada and Mexico, increased from $392 million to $655 million, which made Utah the 39th largest exporter to NAFTA (ITA, 2004). The 67 percent increase was the 35th most rapid increase. Concentrating on the trade with Mexico, Utah's exports grew from $50.4 million in 1993 to $111.2 million in 2003, ranking 38th. By 2004, total exports had increased to $122.2 million. The 120 percent increase in Utah's exports ranked 31st among the fifty states. So exports to Mexico not only grew, but grew rapidly enough that Utah's exporter ranking is improving.

Table B.3.1 indicates the relative magnitudes of the largest exporting states and of Utah's neighboring states in a snapshot from 2003. The dominance of maquila trade in total trade with Mexico is clear. Only Michigan of the non-border states was an important player in total trade, because of the integration of auto production across the three NAFTA countries. On the other hand, in comparison with neighboring states, Utah performs quite well, with only Colorado accounting for a significantly larger share of total US exports from non-maquila or border states.

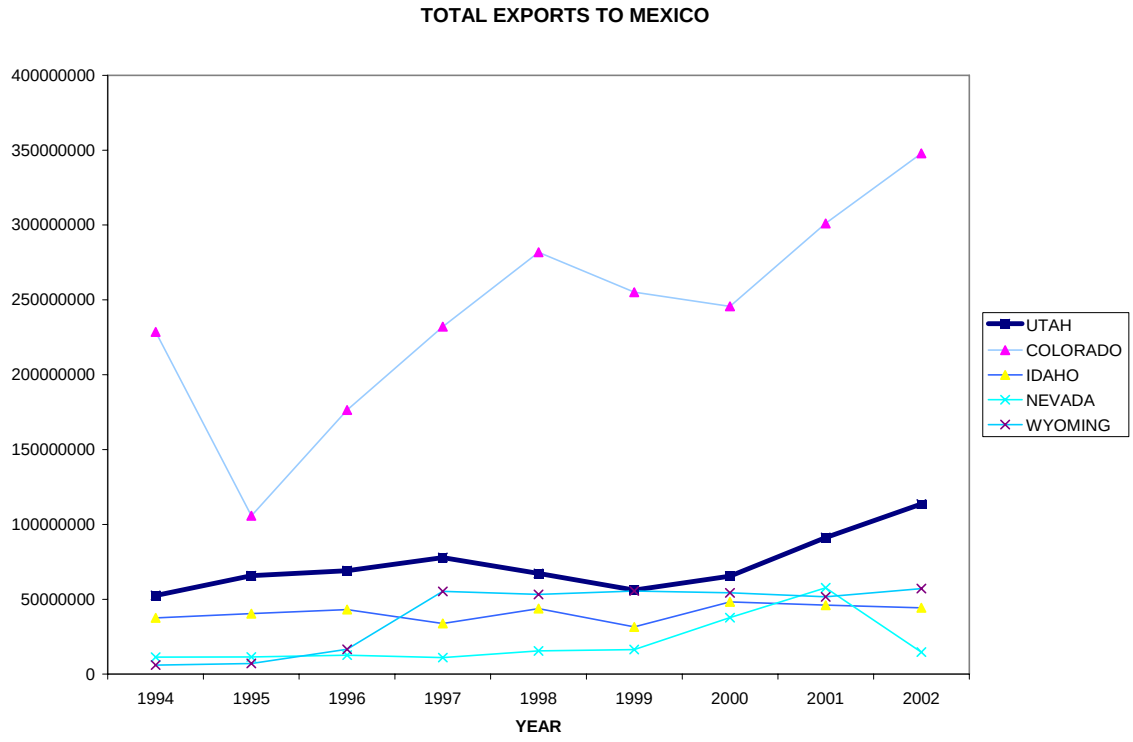
TABLE B.3.1
Selected State Total Exports to Mexico, 2003 (millions)

STATE OF ORIGIN	EXPORT VALUE	PERCENT TOTAL
Texas	$41,561	42.6%
California	$14,871	15.3%
Michigan	$4,006	4.1%
Arizona	$3,229	3.3%
Colorado	$570	0.58%
New Mexico	$242	0.25%
UTAH	$111	0.11%
Nevada	$104	0.11%
Wyoming	$62	0.06%
Idaho	$55	0.06%
US	$97,457	100%

Source: US Department of Transportation, Bureau of Transportation Statistics
http://www.bts.gov/ntda/tbscd/reports/annual02/state/stp_2002ex_mex_all_r.html > Accessed June 20, 2005.

A relevant comparison is with the surrounding intermountain states, excluding Arizona and New Mexico because of their maquila trade. Chart B.3.1 provides

CHART B.3.1



Source: Bureau of Transportation Statistics, US Department of Transportation, Transborder Surface Freight Data <http://www.bts.gov/transborder/reports/annual02/state/states2002.html >Accessed June 10, 2005.
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the comparison from 1994 until 2002. As expected, the Chart indicates that Utah ranks second to Colorado in total exports. Even more importantly, the growth of Utah's exports to Mexico over the period has been far faster than any state except Colorado.

4. MEXICAN STATE DESTINATION OF UTAH'S EXPORTS

The diversity of Utah's exports and the absence of maquila and intra-firm auto production also are evident in the destination of Utah's exports. The concentration is much less for Utah's exports than for the maquila states. As Table B.4.1 shows, based on earlier data from 2002, there is relative balance in destinations, with Queretaro accounting for $26 million of Utah's $113 million in 2002, followed closely by Puebla with $21 million. The state of Mexico was next with $12 million, and then there was a decline to the $8 million exported to Jalisco. Only 12 Mexican states received more than $1 million in exports.

Table B.4.1
Merchandise Trade from Utah to Mexican State of Destination, 2002

(Value in current US dollars)

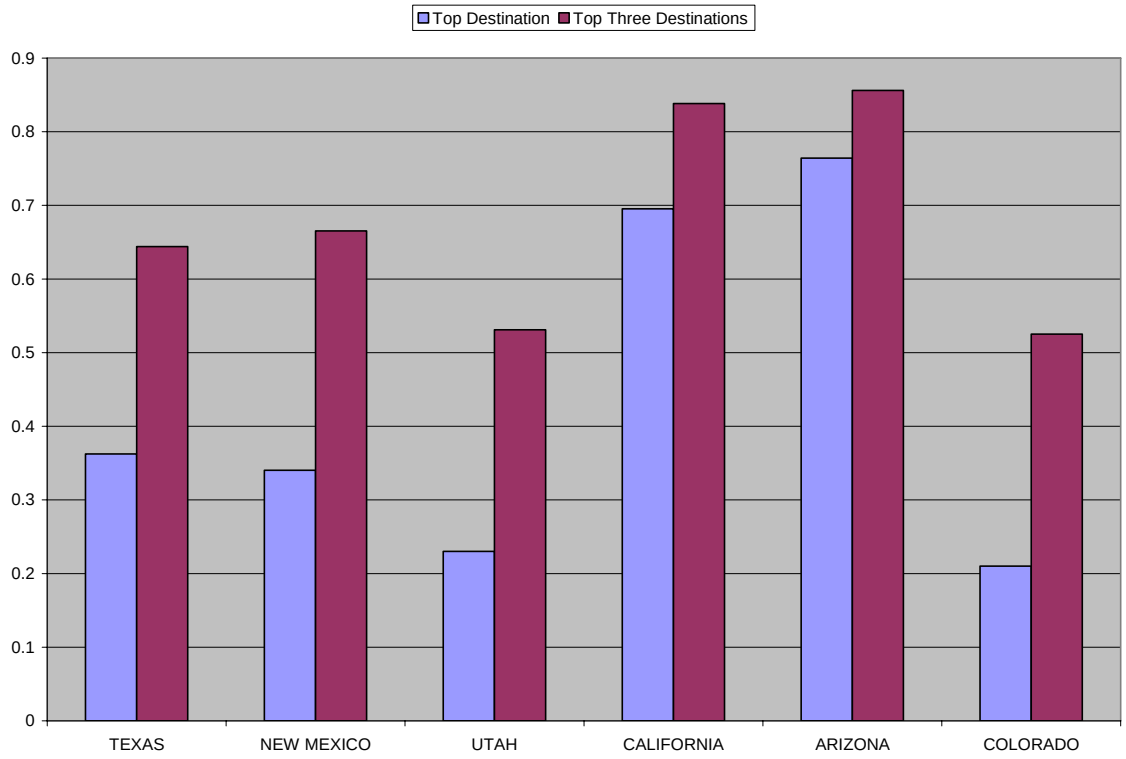
Rank	Mexican State of Destination	Export Value
1	Queretaro	$26,602,205
2	Puebla	$21,062,627
3	Edo. Mexico	$12,812,101
4	Jalisco	$8,099,168
5	Chihuahua	$7,376,477
6	Coahuila	$6,983,590
7	Distrito Federal	$6,733,131
8	Baja California	$5,414,464
9	Tamaulipas	$5,081,410
10	Nuevo Leon	$4,974,301
11	Sinaloa	$1,877,860
12	Sonora	$1,023,426
All Mexican States		**$113,564,651**

Source: US Department of Transportation, Bureau of Transportation Statistics
< http://www.bts.gov/ntda/tbscd/reports/annual02/flows/mex_UT2002all.html >Accessed June 10, 2005.

Chart B.4.2 shows the much higher concentration of exports from the border states as a result of the maquila trade. For example, seventy-six percent of Arizona's

exports were to Sonora, and 85 percent went to the top three destinations. In Utah's case, the numbers were only 23 and 53 percent respectively. Colorado's concentration was comparable to Utah's.

CHART B.4.2
EXPORT CONCENTRATION TO MEXICAN STATES



Source: Bureau of Transportation Statistics, "Individual State to State Flows"
< http://www.bts.gov/transborder/reports.html > Accessed June 10, 2005.

5. UTAH JOBS RELATED TO EXPORT PRODUCTION

The low ranking of Utah in total exports should not diminish the importance of trade to the state's economy. The International Trade Administration (2005) does state-by-state estimates of the link of exports and jobs. They base their estimates on published data and do not describe their methodology. In the case of Utah, they indicate the following effects:

- Export supported jobs account for an estimated 5.9 percent of Utah's total private sector employment.
- Nearly 20 percent (18.8%) of manufacturing workers in Utah depend on exports for their jobs. This excludes jobs from mining and services.
- In 2002, 2,141 companies exported goods from Utah and 1,769 or 83 percent were small and medium-sized enterprises with fewer than 500 employees.
- SME's generated 15 percent of Utah's total merchandise exports in 2002.

- Foreign controlled companies employed 31,100 workers in Utah in 2002, accounting for 3.4 percent of total private industry employment
- Almost one-third of these jobs were in manufacturing and they accounted for 8.8 percent of total manufacturing employment in Utah.

Fry and McCarlie (2002, 5-6) started from a summation of all of these effects and then imagined other linkages such as the export of services, the transshipment of imports, sales activities related to imported products, and even military employment that is dependent on international stability. From this they extrapolated "the total number of jobs linked to the global economy" at 170,000 to 200,000, or up to 18 percent of Utah employment. This number has little basis in reality, though it does underline that Utah's labor market is linked to the international sphere, despite its inland nature. Section B.10 of the report examines the labor market in a more general context, going beyond a simple relation of exports and jobs. This is a very complex area of investigation.

6. UTAH IMPORTS

In 2004 Utah imported $308 million from Mexico, compared with the $104 million exported, based on transborder surface trade. The magnitudes are small by

TABLE B.6.1
Top 10 Merchandise Imports from Mexico, Total US (2004) and Utah (2002)(000's)

TOTAL	US			UTAH		
RANK	INDUSTRY	NAME	VALUE 2004	INDUSTRY	NAME	VALUE 2004
1	85	Electrical Machinery	$37,407,929	87	Vehicles	$80,750
2	87	Vehicles	$26,143,233	71	Pearls, Jewelry, Precious Metals	$66,009
3	84	Boilers, Reactors	$20,035,666	83	Base Metal Articles	$16,543
4	27	Mineral Fuel, Oil	$19,713,991	72	Iron and Steel	$14,644
5	90	Optic, Medical Instruments	$6,040,571	85	Electrical Machinery	$9,866
6	94	Furniture, Bedding	$5,146,713	98	Special Classification	$8,896
7	98	Special Classification	$4,681,262	26	Ores, Slag, Ash	$6,469
8	62	Apparel	$4,137,043	68	Articles of Stone, Plaster	$4,148
9	61	Apparel-Knits	$2,708,185	84	Boilers, Reactors	$2,359
10	07	Edible Vegetables	$2,400,585	94	Furniture, Bedding	$2,308
	Total		$155,843,011			$219,825

Source: US: ITA, Office of Trade and Industry Information.
< http://tse.export.gov/NTDChart.aspx?UniqueURL=l0mhwj45nxcovr55yub15r45-2005-6-21-12-10-55 > Accessed June 20, 2005.
Utah: Bureau of Transportation Statistics, http://www.bts.gov/ntda/tbscd/reports/annual02/stcomm/frommex_val_wt_2002ut_ten.html Accessed June 20, 2005.

comparison with Canada, the state's top trading partner. Utah imported $1.314 billion from Canada, while its exports were $512 million. The deficit of $204 million with Mexico is only one-fourth the size of the $800 million deficit with Canada.

Table B.6.1, based on earlier data from 2002, shows that the composition of Utah's imports differs from that of the US imports from Mexico. Vehicles account for 36 percent of Utah's imports and 16 percent of US imports. Electrical Machinery, Boilers and Furniture are important in both cases. Utah is less reliant on Mexican oil, though it imports other raw materials in greater proportions, such as precious metals, base metal, iron and steel, ores, and articles of stone and plaster. The top ten imports account for over 90% of total commodity imports from Mexico.

7. IMPORTS FROM MEXICO: STATE COMPARISON

Between 1995 and 2002, Utah's surface imports from Mexico increased from $20,936,030 to $219,825,811, more than a ten-fold increase. The major portion of the increase came after 1999 when imports tripled. As a result of the rapid increase, Utah is the 31st largest importer from Mexico, eight places above it export rank. Table B.7.1 shows how Utah compares with the largest importers, Texas, Michigan and California—the same as the three top exporters—and the neighboring states of Arizona, Colorado, New Mexico, Nevada, Wyoming and Idaho.

Once again, maquila production and intra-company sales in the auto industry dominate the trade. Texas's share in imports is only half its export share, largely because Illinois, Ohio and Indiana are larger importers than Arizona because of the auto trade. Utah's import share is larger than its export share, 0.19 percent compared to 0.11 percent, and is larger than New Mexico's 0.09 percent. It is also larger than the other neighboring states with the exception of Colorado.

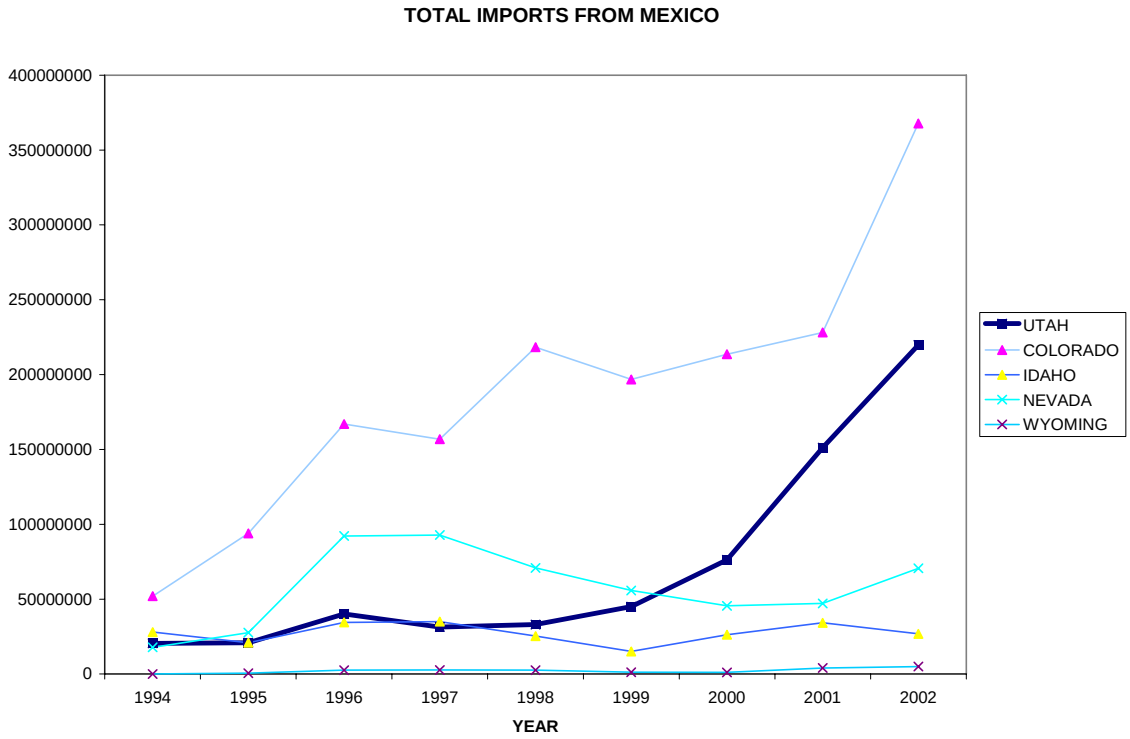
TABLE B.7.1
Selected State Total Imports from Mexico, 2002 (millions)

RECEIVING STATE	IMPORT VALUE	PERCENT TOTAL
Texas	$24,857	21.73%
California	$24,099	21.07%
Michigan	$20,307	17.75%
Arizona	$3,476	3.04%
Colorado	$367	0.32%
UTAH	**$219**	**0.19%**
New Mexico	$100	0.09%
Nevada	$70	0.06%
Idaho	$26	0.02%
Wyoming	$5	0.00%
US	$114,380	100%

Source: Bureau of Transportation Statistics
< http://www.bts.gov/ntda/tbscd/reports/annual02nat/mex_val_wt2002all60.html >
Accessed: June 20, 2005

A comparison of the growth of imports over time in Chart B.7.2 shows the rapid growth in recent years in Utah's imports, exceeded only by Colorado's.

CHART B.7.2



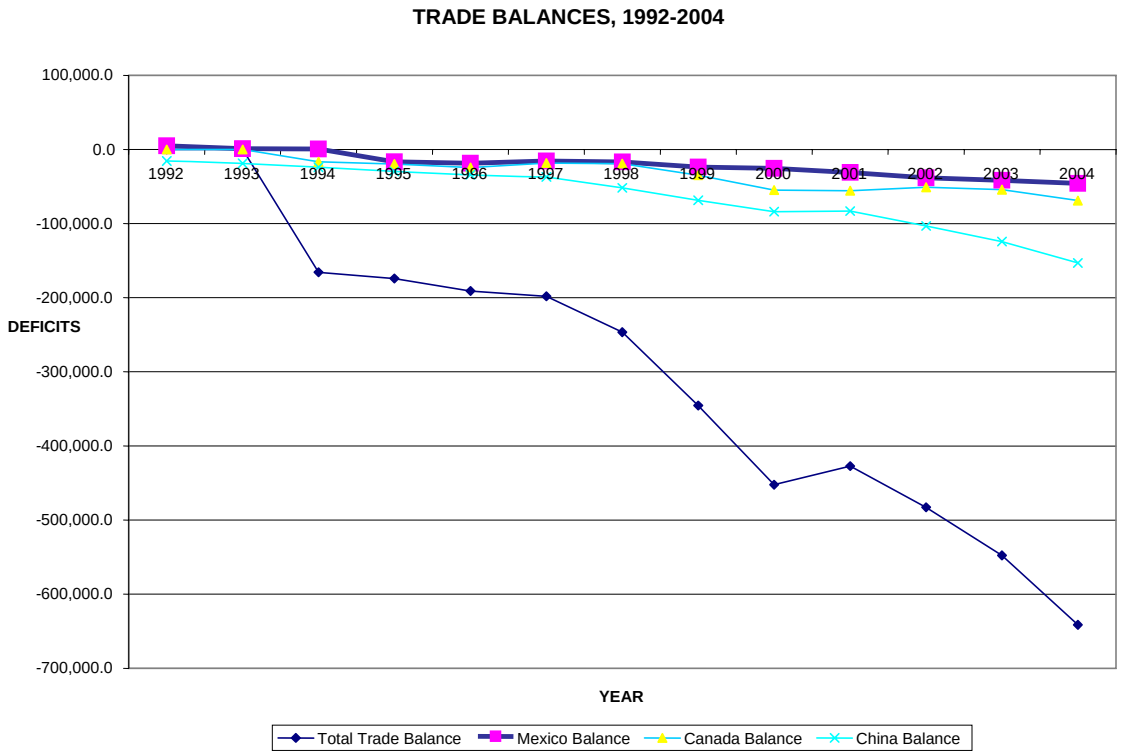
Source: Bureau of Transportation Statistics, US Department of Transportation, Transborder Surface Freight Data <http://www.bts.gov/transborder/reports/annual02/state/states2002.html >Accessed June 10, 2005.

8. BALANCE OF TRADE WITH MEXICO

The United States as a whole is running ever increasing deficits in its balance of trade ($607 billion in 2004) and current account ($655 billion in 2004). This raises questions about how long the rest of the world's saving will support our deficit and what impact the deficit has on our domestic employment.

The trade balances with Mexico, Canada and China have become progressively more negative, as has the total trade balance (Chart B. 8.1). We can see that the deficit with Mexico is less than with either of the other two and that the deficit with China is increasing rapidly.

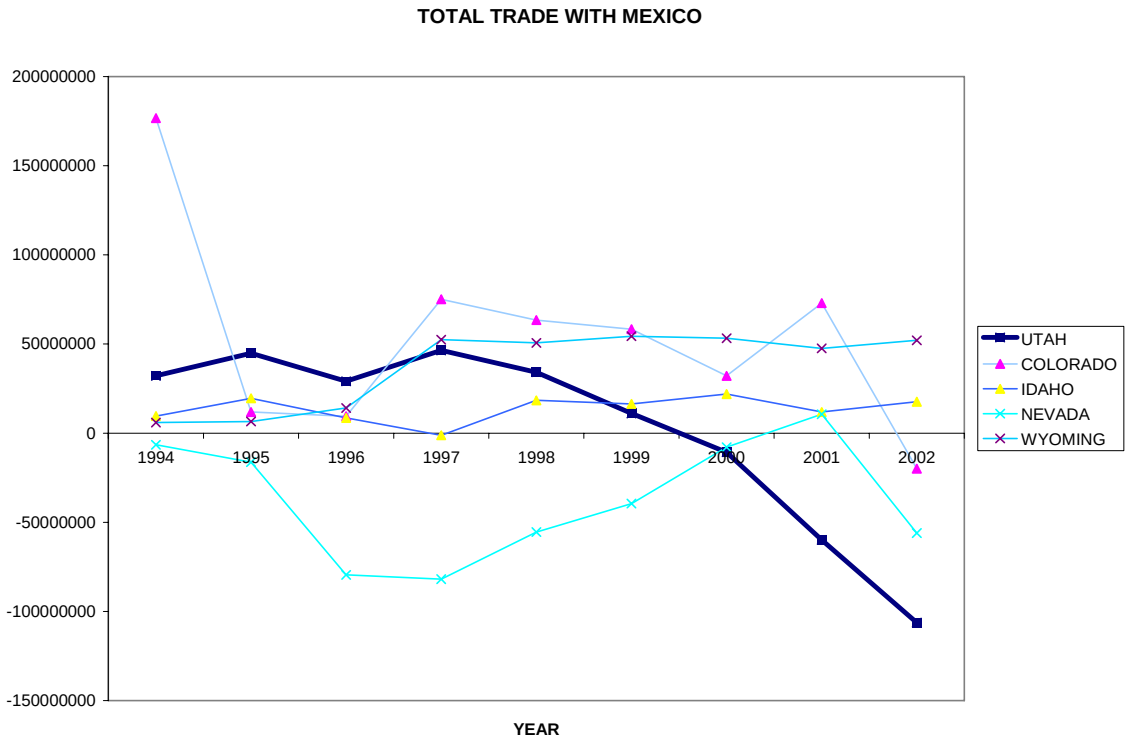
CHART B.8.1
US Trade Balances, 1992-2004



Source: BEA, Bureau of Economic Analysis (BEA), 2005, "International Economic Accounts"

Comparing Utah's trade balance with Mexico to neighboring states', Chart B.8.2 shows that Utah has the largest deficit in the inter-mountain area, and that it has grown since 1997. Chart B.7.2 showed the beginning of a rapid increase in imports from Mexico in that year. It was not until 1999 (Chart B.3.1) that Utah's exports to Mexico accelerated, and that pace of increase was obviously not enough to offset the increase in imports. The Utah performance parallels the US experience.

CHART B. 8.2
State Comparison of Trade Balance with Mexico, 1994-2002

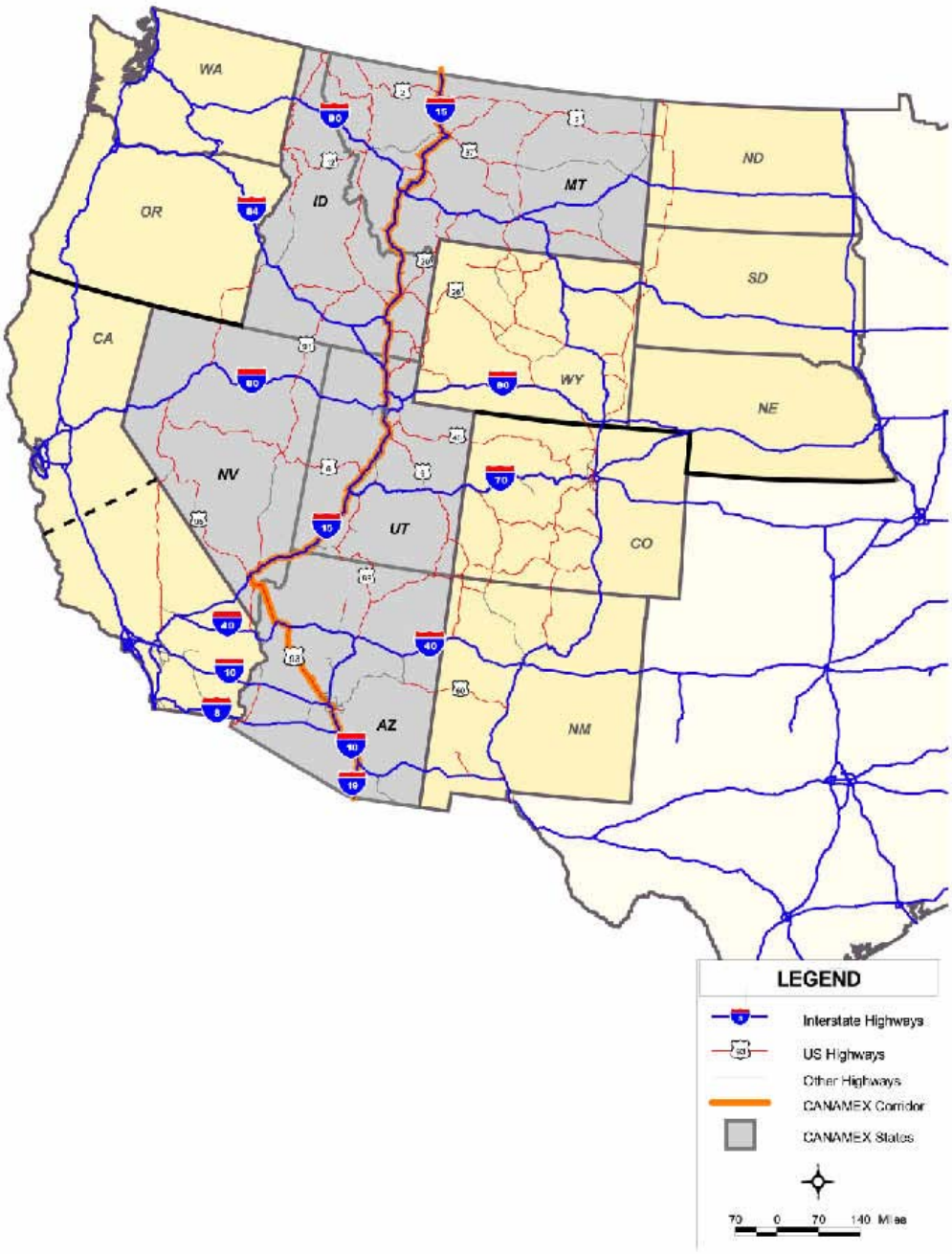


Source: Bureau of Transportation Statistics, US Department of Transportation, Transborder Surface Freight Data <http://www.bts.gov/transborder/reports/annual02/state/states2002.html >Accessed June 10, 2005.

9. FUTURE NAFTA TRANSPORT PATTERN: CANAMEX CORRIDOR

Looking ahead to the future, Utah is central to the main western surface route for trade among the US, Canada, and Mexico. Planning has proceeded to improve the surface transit route so that goods can be transported on four lane highways throughout the trading area, i.e. from Mexico City to Edmonton, Canada. This is termed the "CanaMex Corridor." The location of the Walmart distribution center by St. George and the planned Costco distribution center in Salt Lake indicate the likely importance of surface transportation to this trade and to Utah.

The graphic below shows the centrality of I-15 through Utah to the entire corridor. While most of the goods movement through Utah at present is not between the Canamex countries, that component is likely to grow in the future. The Utah section, I-15, is already four lane highway and can participate in the growth of surface trade.

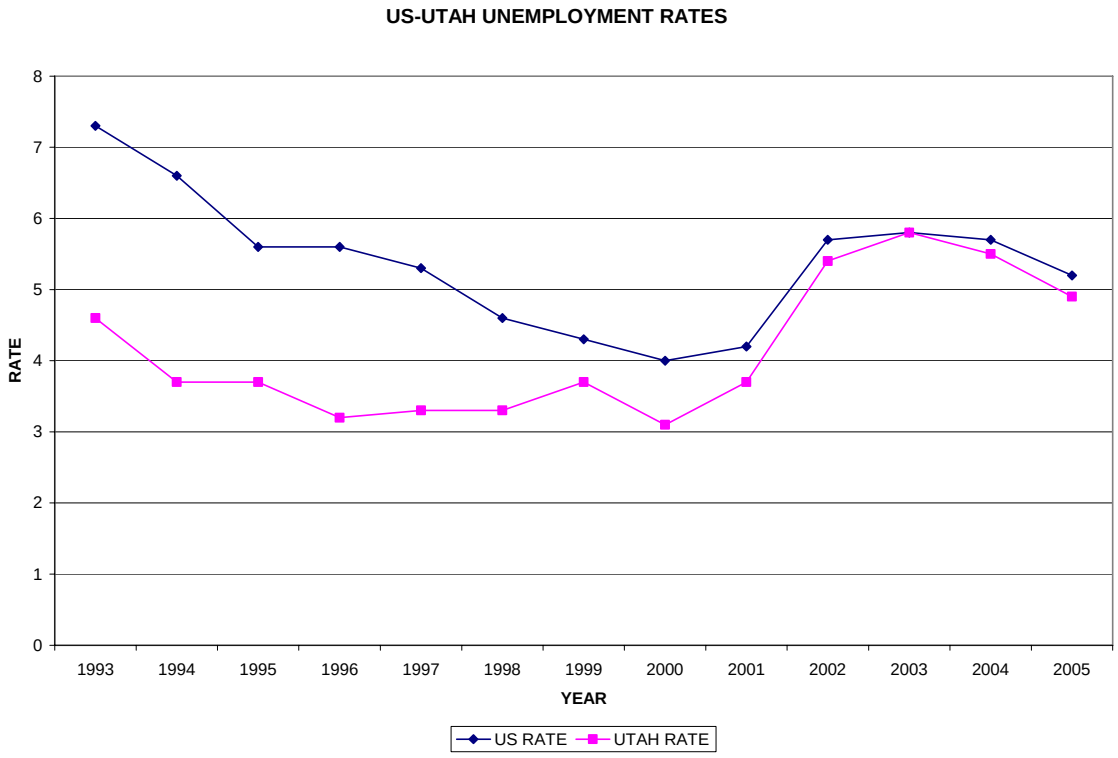


10. MEXICO AND UTAH'S LABOR MARKET

The recent announcement by Kimberly-Clark that they would move 450 jobs from Utah to Mexico illustrates the complexity of the world labor market in this time of globalization (Mims, 2005). Earlier in the year, 750 Utah Hospira jobs were moved to California, Connecticut and Mexico. The governor's representative, Chris Roybal, "sees the recent job losses as temporary setbacks…(and) cautioned against overreacting to the occasional flow of jobs to Mexico." He stated "We may, on occasion, lose some jobs but we will gain on a trade basis over time" (Mims, 2005, A4). The caution about overreacting is certainly well-taken. The change in Utah jobs is much more affected by

the overall strength of the US economy as Chart B.10.1 shows. Utah's 3.1 percent unemployment rate in 2000 rose to 5.8 percent in 2003, and the 2.9 percent difference

CHART B.10.1



Source: US Department of Labor, Bureau of Labor Statistics. "Labor Force Statistics from the Current Population Survey." < http://www.bls.gov/data/home.htm > Accessed July 29, 2005.

between the US and Utah was completely erased by 2003 when both national and Utah rates had risen to 5.8 percent. Over the entire period, total employment in Utah rose from 868,783 in January of 1993 to 1,150,573 in January 2005, an increase of 281,790. The increase from 2001's 3.7 percent unemployment rate to 2002's 5.4 percent rate resulted in an increase of unemployed of 20,818 in one year! These numbers far overshadow the size of recent job losses and even the total number of jobs related to exports, i.e. the 31,100 jobs reported in section B.5.

In addition, to the extent that jobs are outsourced, it is likely that China and India will be the job destination rather than Mexico. India's large, educated and English speaking labor force has recently made it the destination for the transfer of US semi-skilled and skilled jobs. China has exhibited the world's most rapid growth in GDP and employment in recent years and has become a major outsourcing site for production of all types of goods. The very rapid growth of China's exports to Utah was seen in Table B.1.2. Scott (2005) estimated the net effect on jobs, by state, of changes in the trade balance with China between 1989 and 2003. His estimates were based on the employment requirements of the goods that are traded in the two countries. As might be expected, China's growing trade surplus led to a net loss of 1,452,000 jobs in the US.

Over the fifteen year period he estimated that Utah lost 12,765 jobs because of the shift in production of goods to China. This effect did not occur because of free trade agreements, but from a combination of factors such as China's trade and investment policy, the value of the dollar, and the rate of productivity growth in the US.

That noted, it is still important to assess the effect of NAFTA and of trade and investment with Mexico on the job situation in Utah. As noted above, there have been examples of firms that have moved their production to Mexico from Utah. When this occurs, workers can request trade adjustment assistance. Between 1993 and 2004, there were 161 applications for adjustment assistance, of which 23 were related to NAFTA. The NAFTA Transitional Adjustment Assistance program (NAFTA-TAA) certified that 2,826 workers lost their jobs in Utah due to NAFTA. Job losses were due to either Utah businesses moving production to Mexico or Canada or to using imports from either country in their production process. As an example, Table B10.1 lists the NAFTA-TAA Certifications for 2001. There were seven certifications for a total of 1967 jobs, most of which were outsourced by the Swedish firm, Autoliv ASP.

TABLE B.10.1
Utah NAFTA-TAA Certifications, 2001

Company	City	What They Produced	Estimated Workers
Fresenius Medical Care Products	Ogden	Medical equipment	85
Mark Steel Jewelry	Spring City	Jewelry	9
Bard Access Systems Division	Salt Lake City	Vascular access products	100
Kendall Med-West	Salt Lake City	Medical Kits for anesthesia procedure	16
Autoliv ASP	Ogden	Filter and lead wire assemblies	1480
Autoliv ASP	Ogden	Passenger airbag cushions	240
Artex International	St. George	Home linens and aprons	37

Source: Jobs with Justice. 2001. "NAFTA's Impact on Utah." < http://www.jwj.org/index.htm > Accessed August 3, 2005.

Scott and Ratner (2005) used Scott's methodology to estimate the effect of NAFTA on net jobs in the US and in each state since 1993. Since the trade deficit with both Canada and Mexico grew over this period, they estimate a net job loss: 941,459 US jobs created by exports and 1,956,750 jobs loss through imports. The net loss for the US

in their estimate is 1,015,290. In the case of Utah, they estimate that exports created 7,305 jobs, and imports cost 15,327 for a job loss of 8,022.

Net job change is only part of the issue involved, just as NAFTA is only one factor in the job changes. For example, are the jobs being created as well-paying as the jobs being displaced; does the trade adjustment assistance result in the displaced workers being able to find a comparable standard of living; how great are the benefits of lower cost goods to American consumers; and how are the benefits from outsourcing distributed between corporations and workers?

Our purpose in this section has been simply to provide information on the changes in the job market that Utah's relation with Mexico has brought about. In a later section on tourism, we will see another side to this question when we examine the centrality of immigrant labor to the ski industry.

In summary, the relation with Mexico is important in the Utah labor market. However, that is swamped by a series of other factors such as the business cycle and the role of India and China in restructuring world production. In addition, the role of Mexican citizens, documented and undocumented, in providing labor in the Utah labor market are also important factors that have more importance than the job effects of changing commercial relations.

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C. INVESTMENT

1. BILATERAL MEXICO – U.S. FOREIGN DIRECT INVESTMENT

Foreign direct investment forms another part of the economic relationship between Mexico and the United States. Since the signing of NAFTA, Mexico has greatly reduced its entry barriers to investment from multinational corporations in hope that FDI will encourage development through knowledge spillovers and export led growth. The possible benefits of FDI include: increased capital, which may be easier to service than commercial debt or portfolio investment; technology, which can stimulate research and development and technological efficiency in local firms and also intensify competition bringing forth economic efficiency; new skills and management techniques; and market access through the MNC's exports. The effects of FDI are felt in efficiency, employment, factor prices and trade. Foreign direct investment also has potential costs. Problems arise when information and or coordination failures exist. It can crowd out local enterprises and, depending on the sector of the investment, may not provide dynamic advantages in exports over time. FDI can also weaken the bargaining power of workers and the regulatory capacity of the government.

A few examples will illustrate. In Mexico under the *maquila* program, the government allowed the assembly of "export models" that used 70 percent imported components, which hindered the integration of the automobile industry with the local suppliers. MNC's investing in the manufacturing sector in Mexico and other developing countries have often produced poor connections with domestic industry, which results in a division between the export sector linked to FDI and smaller local firms focused on domestic demand. A division has also been created between the northern states, which receive the FDI, and the south that lags behind. The high import content of Mexican exports has put many local firms out of business because of their inability to compete with the MNC's. The *maquila* industry produces the majority of manufactured exports but only uses 2 percent of local inputs (Pacheco-Lopez, 2004). In addition, FDI associated with mergers or acquisitions of already existing firms will have little impact on the productive system or the trade sector. For example, in 2001 BANAMEX was taken over by Citicorp, which accounted for 50 percent of the total FDI inflows that year. The acquisition had little impact on exports or output growth. The orientation and allocation of FDI plays a major role in the determination of imports, exports and economic growth. For sustainable long run development, Mexico needs to integrate domestic industries with the export sector.

The 2004 flow of new U.S. direct investment into Mexico amounted to US$7.4 billion (Banco de Mexico, 2005) (See Table C.1.1). The preliminary estimate for the first quarter of 2005 is US$1.7 billion. This is approximately 25percent below the last quarter of 2004 where U.S. FDI into Mexico amounted to $2.3 billion. The 2004 inflow of U.S. FDI was composed of $1 billion in equity, $0.11 billion in intercompany debt, and $6.3 billion in reinvested earnings. In 2004 the flow of U.S. FDI into Mexico accounted for 44.7 percent of FDI inflows. This is only 3.2 percent of total FDI abroad from the U.S. The United States is the largest source of FDI in Mexico.

TABLE C.1.1
US/Mexico FDI Flows, 1994-2004
(Millions of dollars)

	Mexican FDI in the US (Flow)	US FDI in Mexico (Flow)
1994	1,058	4,457
1995	-263	2,983
1996	-47	2,405
1997	331	5,596
1998	871	4,593
1999	1,273	8,164
2000	5,062	4,203
2001	-716	14,226
2002	2,285	7,656
2003	2,045	4,666
2004	-540	7,424

Source: U.S. Department of Commerce, Bureau of Economic Analysis. <www.bea.gov/bea/di1.htm> Accessed June 5, 2005.

The stock of U.S. FDI in Mexico has increased from $17 billion in 1994 to $66.6 billion in 2004, almost a four-fold increase (BEA, 2005). Nearly half of total FDI in Mexico is in the manufacturing industry. (See TableC.1.2)

There is also Mexican FDI in the U.S., though it is much smaller than U.S. investment in Mexico. The 2004 FDI inflows from Mexico into the U.S. were composed of $1.3 billion in equity, an outflow of 1.5 billion intercompany debt, and an outflow of .35 billion reinvested earnings. The stock of Mexican FDI in the U.S. increased from $2.1 billion in 1994 to $7.9 billion in 2004, nearly a four-fold increase. In 2004 Mexico's FDI accounted for .38 percent of the total FDI in the United States.

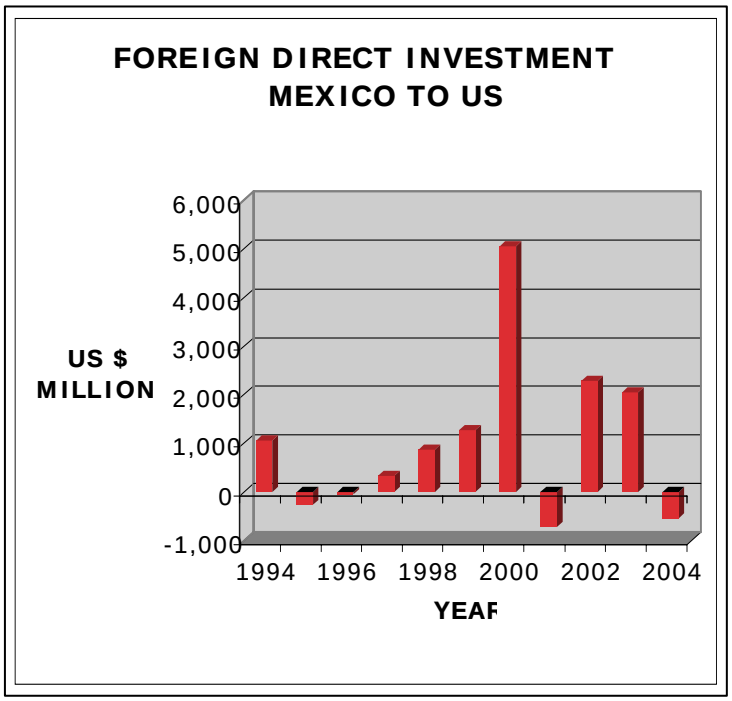
TABLE C.1.2.
U.S.-Mexico Foreign Direct Investment Positions, 1994-2004
Historical Cost Basis
(Millions of Dollars)

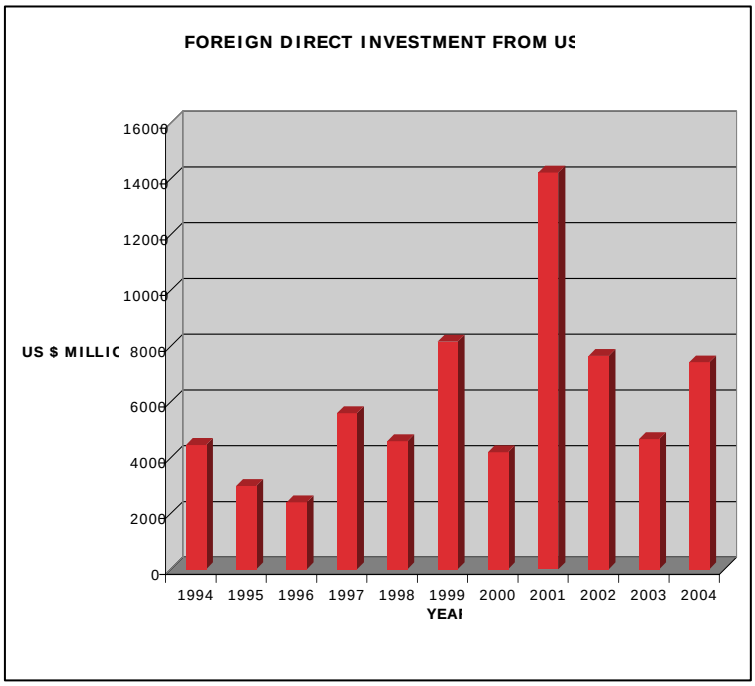
	Mexican FDI in the US	U.S. FDI in Mexico
1994	2,069	16,968
1995	1,850	16,873
1996	1,641	19,351
1997	3,100	24,050
1998	2,055	26,657
1999	1,999	37,151
2000	7,462	39,352
2001	6,645	52,544
2002	7,623	56,303
2003	7,707	59,070
2004	7,880	66,554

Source: U.S. Department of Commerce, Bureau of Economic Analysis. <www.bea.gov/bea/di1.htm> Accessed June 5, 2005.

Chart C.1.1 provides a visual representation of the fluctuations in the FDI flows between the two countries.

CHART C.1.1
Investment Flows between Mexico and the US, 1994-2004



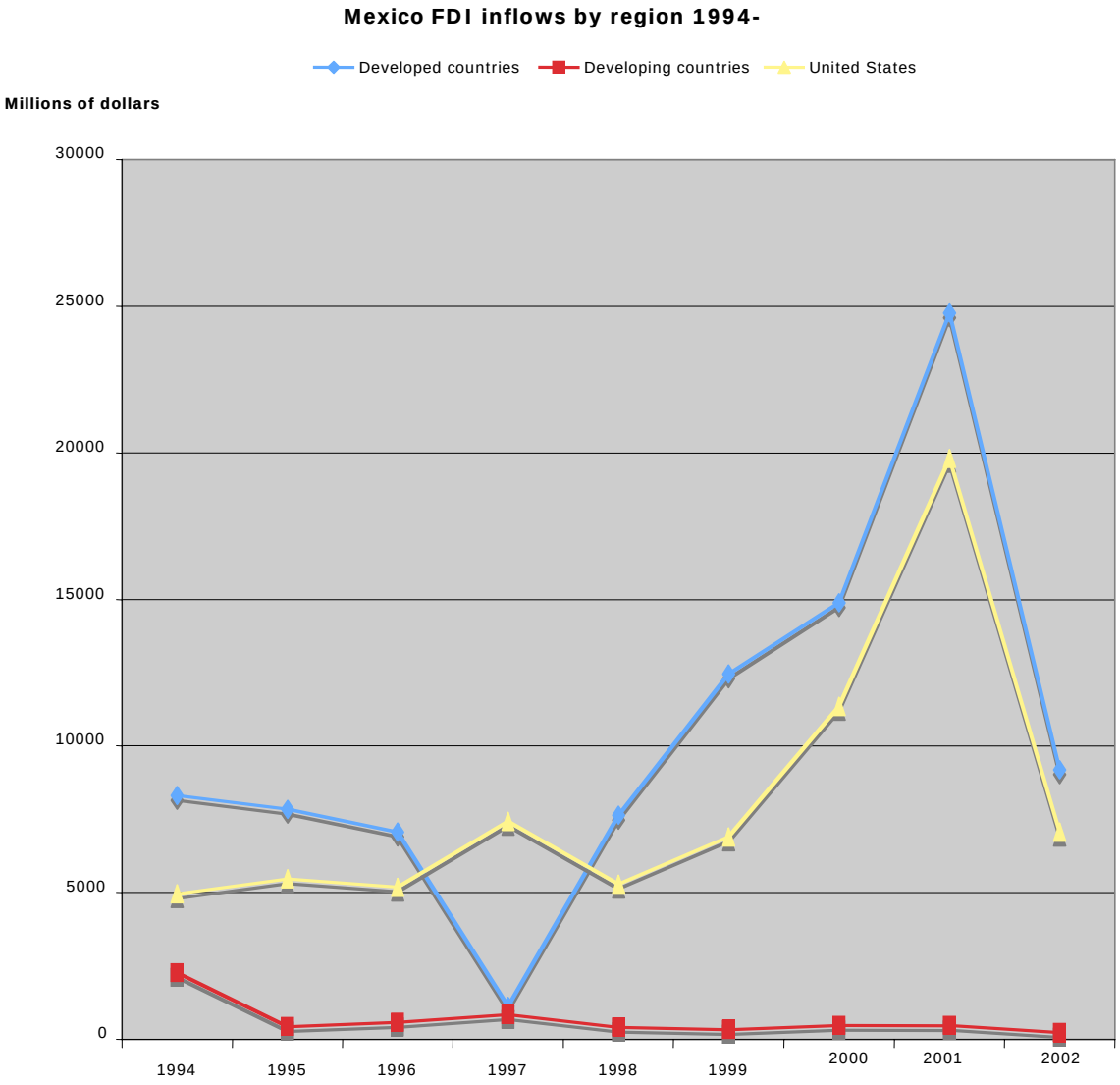


Source: U.S. Department of Commerce, Bureau of Economic Analysis. <www.bea.gov/bea/di1.htm> Accessed June 5, 2005.

The large variation in Mexican investment is the result of its small size and the effect of any one investment on the total. The same is true of US investment in Mexico in some years, e.g. 2001's large increase was due almost entirely to the purchase of BANAMEX.

Chart C.1.2 shows that virtually all of the FDI is from the US, with a minuscule amount coming from other developing countries. Only other developed countries are significant investors in Mexico. In their most active year, 2001, they contributed $5 billion of the total FDI of $25 billion.

CHART C.1.2



Source: UNCTAD FDI Country Profile. < http://www.unctad.org/Templates/Page.asp?intltemID=3198&lang=1 > Accessed August 15, 2005

Chart C.1.3 shows the growing importance of foreign direct investment to the Mexican economy. In 1994, the stock of foreign investment was only 7 percent of GDP; by 2003 this had increased to 27 percent. Chart C.1.4 shows that very little of this investment went into the primary, extractive sectors: agriculture, hunting, forestry, fishing, and mining. Rather most was in the secondary sectors: food, beverages, tobacco, chemicals, minerals, metals, and machinery. This was followed by the tertiary sectors: electricity, construction, trade, hotels, restaurants, transport, communications, finance, and real estate. Once again, the 2001 data reflect the acquisition of BANAMEX.

CHART C.1.3

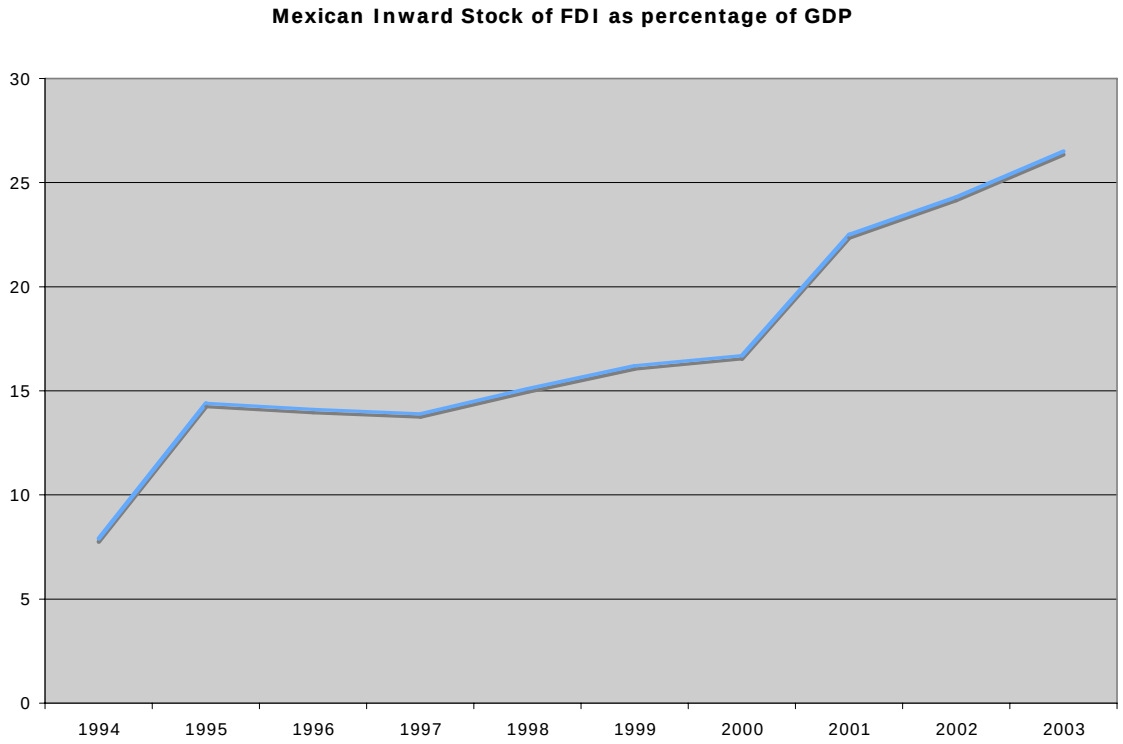
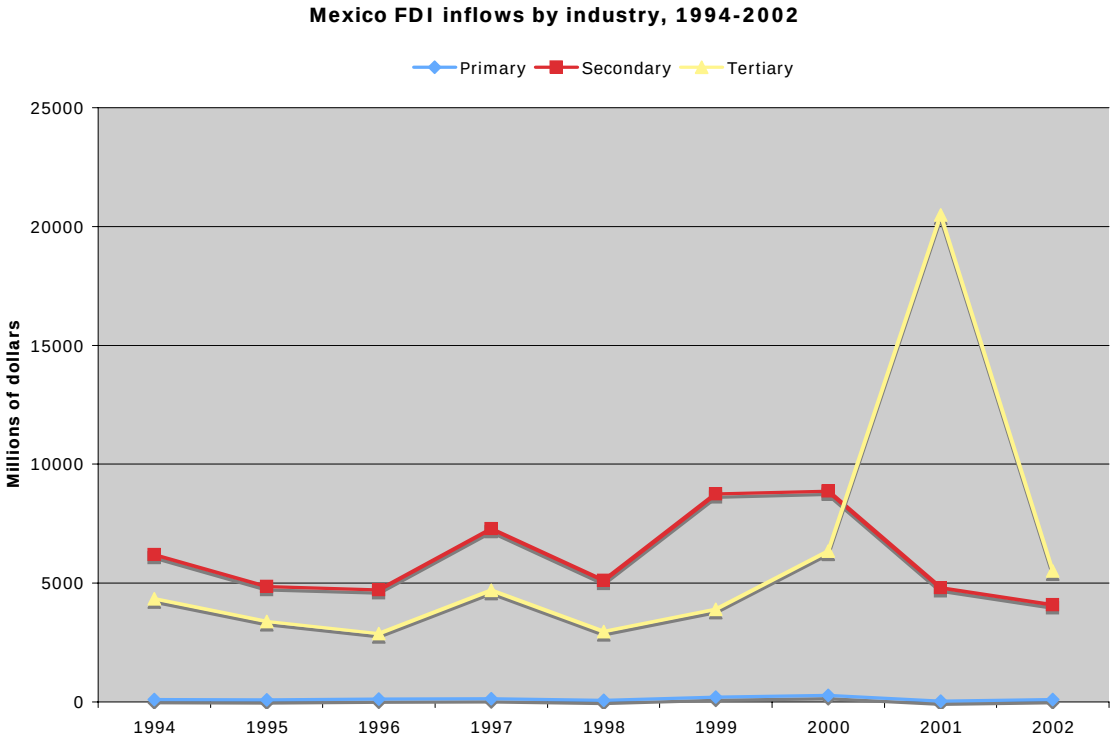


CHART C.1.4



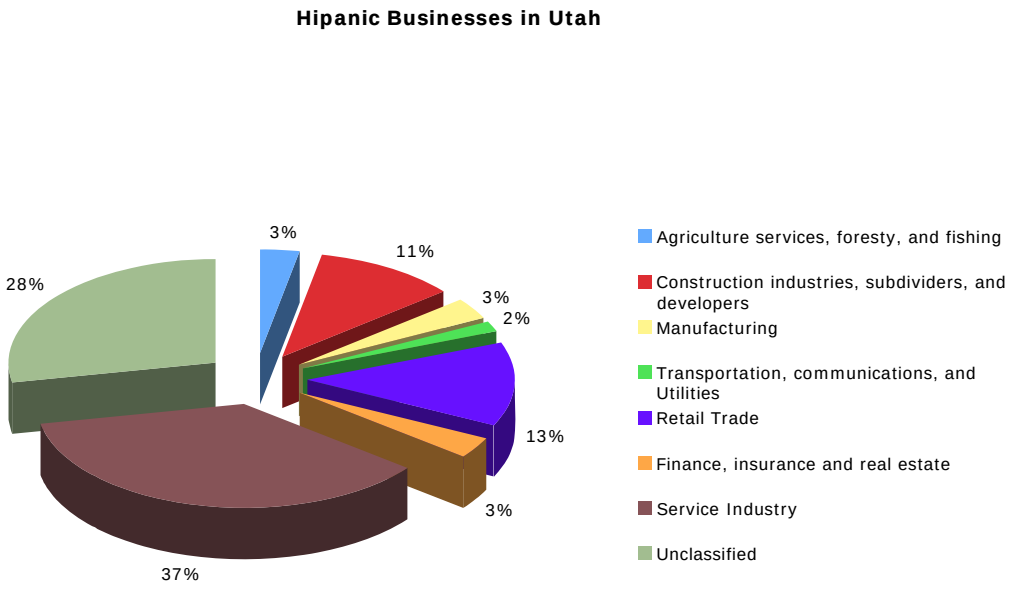
Source: UNCTAD FDI Country Profile
http://www.unctad.org/Templates/Page.asp?intltemID=3198&lang=1 >Accessed August 15, 2005

2. MEXICAN OWNED BUSINESSES IN UTAH

There are many foreign owned businesses that operate in Utah. As of 1997 there were 1,199,896 Hispanic owned businesses in the United States; 472,033 of these were Mexican owned (US Economic Census, 1997). Of this total 211,864 were businesses with paid employees and 90,755 of these were Mexican owned. Sales of all Hispanic owned firms in the United States totaled approximately $186 billion and they employed 1,388,746 workers. Mexican owned business sales totaled $73 billion. Total compensation to workers totaled approximately $30 billion by all Hispanic owned firms and that by Mexican owned amounted to $15 billion.

The 1997 Economic Census also provides information on Utah.[1] In Utah there were 4,740 firms owned by Hispanics with sales of $455,385,000 and 1,834 firms owned by Mexicans with sales of $227,021,000. Firms with paid employees in Utah owned by Hispanics totaled 847 with sales of $372,776,000, 5,947 employees, and $85,310,000 was paid in labor compensation. Mexican businesses with paid employees numbered 495, with 3,243 employees, sales of $186,325,000 and $46,828,000 in payroll.

CHART C.1.5



Source: US Census Bureau. 1997 Economic Census. < http://www.census.gov/epcd/mwb97/ut/UT.html >

[1] The 2002 Economic Census does not have similar data for individual states. The 1997 data do provide suggestive information on the size and sectoral composition of Hispanic and Mexican owned businesses in Utah today.

The Hispanic firms located in Utah are most heavily concentrated in the service industry followed by retail trade and construction.

3. BANKING AND CREDIT CARDS

Checking and savings accounts are important ways for immigrants and low-income people to integrate into their local economies and build assets. Credit card use is also a useful measure of financial literacy and the degree to which people take advantage of financial instruments. Information about the financial literacy of Mexican immigrants in the United States is not available, but data about Hispanics in the U.S. suggest that Mexicans use fewer banking products and services than other groups. Nationally, 65 percent of Latinos in the United States say they have a bank account, compared to 95 percent of whites and 76 percent of African-Americans (PEW/Kaiser Foundation, 2002). The same study found that 51 percent of Latinos report having a credit card, compared to 77 percent of whites. Latinos with household incomes under $50,000 are much less likely to use these traditional financial resources than whites and than Latinos of earning more than $50,000. Native-born Latinos, approximately 51 percent of the Mexican population, are more likely than foreign-born Latinos to have credit cards and an account with a bank.

CHART C.3.1

Credit Cards and Bank Accounts

						Among Latinos		
	Latinos	Whites	African Americans	Foreign-Born Latinos	Native-Born Latinos	Spanish-Dominant	Bilingual	English-Dominant
HAVE A CREDIT CARD								
Total	**51%**	**77%**	**54%**	**47%**	**58%**	**40%**	**64%**	**58%**
By Household Income								
Less than $30,000	43	63	NA	43	44	40	54	42
$30,000 – < $50,000	58	78	NA	59	56	56	64	53
$50,000 +	84	88	NA	84	85	NA	88	86
HAVE AN ACCOUNT WITH A BANK								
Total	**65**	**95**	**76**	**58**	**77**	**50**	**77**	**79**
By Household Income								
Less than $30,000	54	91	NA	51	61	47	66	62
$30,000 – < $50,000	79	93	NA	76	82	72	82	83
$50,000 +	96	99	NA	92	98	NA	97	98

Source: Pew/Kaiser Foundation. 2002 Survey of Latinos (2002). <http://pewhispanic.org/files/reports/15.pdf> Accessed July, 17,2005

These trends are similar in Utah, where Hispanics use fewer financial products than the state average. In the Salt Lake Metropolitan Area, 68 percent of Hispanics have savings accounts (vs. 80 percent for the state) and 66 percent have some kind of credit card (vs. 76 percent of the overall population). Hispanics are also one-half to one-third as likely to have investment assests, such as mutual funds, tax-exempt retirement accounts, stocks and bonds. Two-thirds of Hispanics in the Salt Lake metropolitan area have no

investment assets, compared to 37 percent of the overall population. Only 12 percent of Hispanics have 401-k accounts and 6 percent have IRA accounts, compared to 26 percent and 16 percent of the state population as a whole. On the other hand, Hispanics demand certain financial services such as auto loans, home equity loans, and personal loans, on par or in excess of the general population.

Chart C.3.2 Use of Financial Services

Financial Service	Hispanic Adults	Salt Lake Metropolitan Area Adults
Savings Accounts	68%	80%
Auto Loans	31%	32%
Personal Loans	12%	6%
Home Equity Loans	11%	13%
Certificates of Deposit	3%	9%
401k	12%	26%
IRA	6%	16%
Money Market Account	7%	16%
Credit Card	66%	76%
Debit Card	64%	65%

Source: "Hispanics and Banking in the Salt Lake Market" 2005.

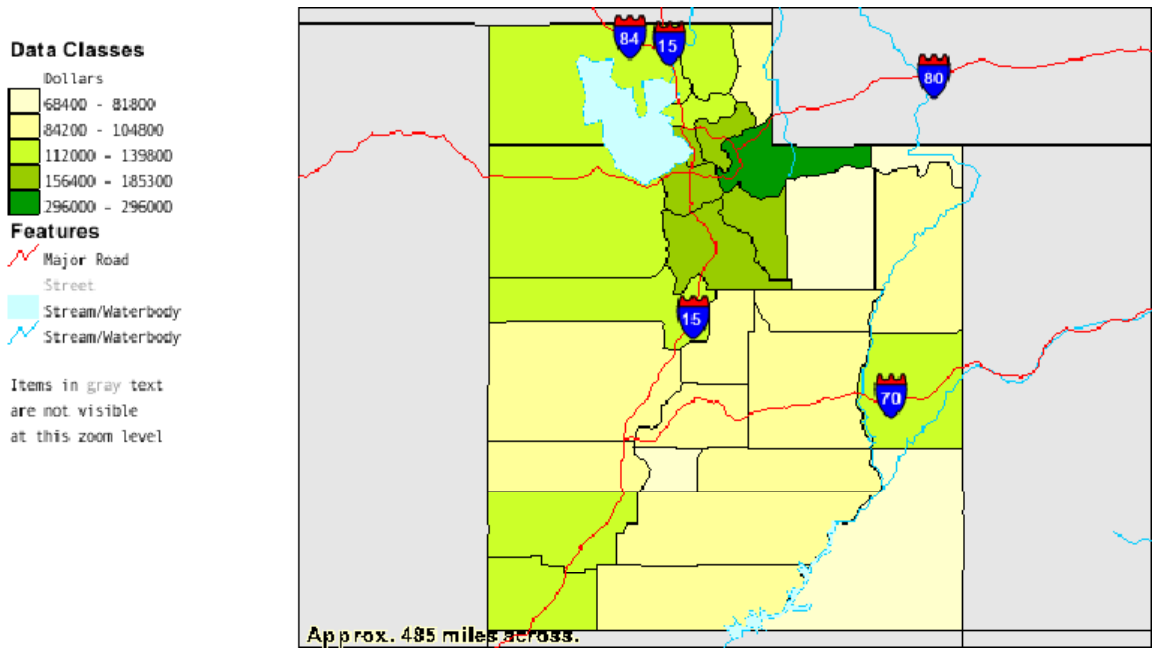
The Pew study estimated that 47 percent of Mexicans have a credit card, which is much lower than other Latinos, e.g. 71 percent of Cubans reported having a credit card. Sixty percent of Mexicans report having a bank account. Many banks have seen the potential market growth in this segment. Some, including Zion's Bank, now offer free remittance services in order to attract new users.[2]

4. REAL ESTATE IN UTAH

Home ownership is an important way for people to build assets, but immigrants and Latin populations often face significant obstacles in purchasing homes. According to the 2000 Census, the total number of housing units in Utah was 768,594. Out of this total number 701,281 were occupied units: 501,547 were owner occupied and 199,734 renter occupied. The median value of an owner-occupied unit was $146,100 and the median gross rent in Utah was $597. The total value of the housing market in Utah in 2000, valued at the median value for Utah, reached over $100 billion. Chart C.4.1 shows that the urban median values are far higher than most of the rural values and that Summit county's home values are in their own category.

[2] See section C.5 for a further discussion of remittances.

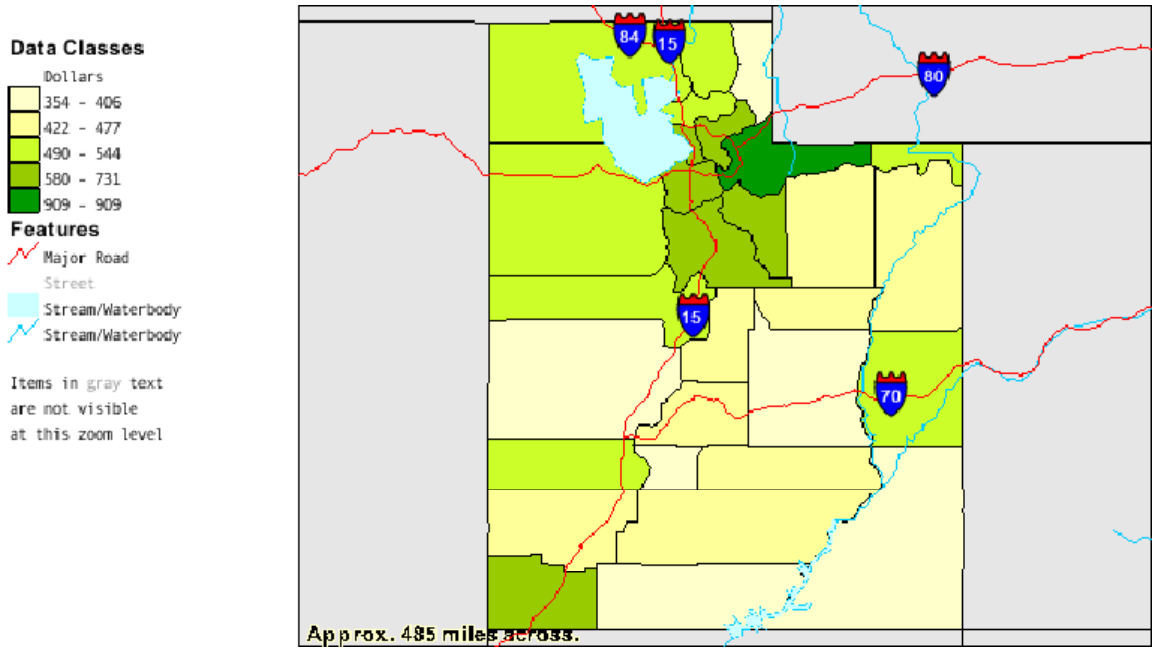
CHART C.4.1
Median Value of Owner-occupied Units 2001



Source: http;//factfinder.census.gov/

The pattern of median rents is quite similar, as shown in Chart C.4.2.

CHART C.4.2
Median Monthly Gross Rent of Housing Units in Utah 2001



Source: http://factfinder.census.gov/

In 2000 the Census reports for Utah that the Hispanic or Latino population owned 23,284 housing units and they occupied 22,888 rental units. The home occupancy pattern of Hispanics or Latinos in Utah shows approximately a 50-50 split between home ownership and renting. The median value of a Hispanic or Latino owner-occupied unit was estimated at $123,200, slightly lower than the state average of $146,100. We can use these figures to calculate the housing expenditures of the Mexican population in Utah. We estimate that they spend approximately $18.9 million in rent and $11.6 million in mortgage payments per month.[3] This adds up to $ 366 million per year. These estimates are in line with the Kaiser Foundation study, which reports that 40percent of Hispanics or Latinos own their home. The same study reports that white home ownership is 70percent.

Home equity for low to middle income Hispanics is a large share of their net worth. It has been estimated that home equity composes two-thirds of a family's net worth. This group is highly vulnerable to predatory lending practices. A study done by the National Council of La Raza found that high-cost sub prime mortgages accounted for more than 40percent of Hispanic mortgages in 2002, compared with 18 percent for whites (Bowdler 2005). Less than half of Hispanics in the nation own a home. In Utah 45 percent of Hispanics own their own home (compared to 60 percent of the overall population) and 25 percent of Hispanics have home mortgages (compared to 37 percent of the overall population) (Experian-Scorex 2005). It was found that the number of Latino's entering the housing market is on the rise, with closing purchase mortgages 185 percent higher in 2002 than in 1993. Sub-prime loans account for more than 40 percent of Hispanic purchase mortgages and when refinancing they were more likely than whites to refinance with sub-prime loans. The traditional housing financial institutions are not reaching the Hispanic community and causing them to lose out on this opportunity to build wealth. Bowdler (2005) concludes that stronger enforcement mechanisms to make sure organizations such as Fannie Mae and Freddie Mac reach their mandated quotas are needed. Also quotas for assistance to immigrants should be introduced. The Federal Deposit Insurance Corporation is a governmental agency that encourages banks to lend and invest in these underserved markets. Recently in Wisconsin the state housing agency decided to help banks lend to illegal immigrants (Jordan, 2005). Immigrants lack access to information about available housing programs. The "Expanding Housing Opportunities Through Education and Counseling Act" (H.R. 3989) is a recent effort that could enhance the ability of Latino families to purchase homes. The act seeks to set higher standards for the counseling industry, create software that will be available on the internet, and commissions a study on the causes of default and foreclosure (Agenda 2004).[4] The National Council of La Raza supports the former act and two other avenues to promote and facilitate housing to Latino families. The first is The Community Homeownership Tax Credit which will provide capital to subsidize the building of units for low income families. Secondly is The National Housing Trust Fund which will provide a funding

[3] This was calculated using the Mexican population in Utah, 136,416, and assuming the undocumented rent, $29,915. Of the documented population it was assumed 50 percent rent and 50 percent own, following the trend of data for Hispanics or Latinos in Utah. The median value of rent in Utah was $597 and the median mortgage payment $1,102. The average number of occupants of an owner occupied housing unit was 3.28 and that of renter occupied 2.75.

[4] A hearing was held in March of 2004 by the House Financial Services' Subcommittee on Housing and Community Opportunity but as of this writing the bill has not passed.

source for the construction of affordable housing. The following is a list of Utah Housing programs that may assist Mexicans with home ownership.

- Olene Walker Housing Loan Fund
- Utah Housing Corporation
- Individual Development Accounts
- U.S. Department of Agriculture Rural Housing
- Salt Lake City American Dream Downpayment Initiative
- Salt Lake City Neighborhood Housing Services
- Salt Lake City Housing and Neighborhood Development

5. REMITTANCES

Remittances are the portion of migrant workers' earnings that are sent back to their countries of origin. They are a common means of financial support to family members remaining behind. In fact the possibility of sending remittances back to family members is one of the most common motivations cited by Mexicans for undertaking labor migration to the United States.

Remittances to Mexico, which reached a record of $16 billion in 2004, have more than doubled since 2000 and have grown fourfold since NAFTA went into effect in 1994 (Banco de México 2005).[5] The explosive growth of remittances to Mexico over the past decade are a direct result of increasing migration of Mexicans to the United States, coupled with new technologies that make it easier and cheaper to send funds to families back home.[6] As such, remittances reflect the increasing social and economic integration of the United States and Mexico (Suro 2003: 4).

This financial flow represents opportunities for both Mexico and the United States, and in particular for banks and business in states like Utah that are receiving more Mexican immigrants each year. Remittance flows hold great potential for financial integration between Utah and Mexico, and serve as a point of entry through which a broad segment of the Latino population in the United States engages with banks, credit unions, and other financial institutions (Suro et al. 2002). However there are many obstacles that inhibit these positive synergies from developing, including elevated transaction costs, financial illiteracy, distrust of banks by Mexican immigrants, state policies that discourage the integration of immigrant populations, and inefficient methods of receiving remittances in Mexico.

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[5] There is some controversy surrounding the way that remittances are quantified in Mexico. Mexican Central Bank estimates omit so-called "commuter remittances" that are carried into Mexico by Mexican workers living along the U.S.-Mexico border, as well as other remittances that migrants carry on return visits. (Zarate 2005) On the other hand, research by Corona (2000) and Corona and Santibañez (2004) suggest that Bank of Mexico data overestimate the actual size of remittances (see also Lozano 2004). We choose to use Bank of Mexico data because it is the only source of time series data on remittances, and because they are the official figures used by the Mexican government.

[6] Some of this increase is also due to changes in the way the Bank of Mexico measures remittances (beginning in 1994) and to improvements in the bank's ability to identify and measure remittance transfers (Lozano 2004).

Table C.5.1

Remittance Flows From the U.S. To Mexico, 1989-2005		
Year	Remittances (Millions of USD)	Change from previous year
1989	1,680	---
1990	1,980	17.9%
1991	2,414	21.9%
1992	3,070	27.2%
1993	3,333	8.6%
1994	3,475	4.3%
1995	3,673	5.7%
1996	4,224	15.0%
1997	4,865	15.2%
1998	5,627	15.7%
1999	5,910	5%
2000	6,280	6.3%
2001	8,895	41.6%
2002	9,815	10.3%
2003	13,266	35.2%
2004	16,613	25.2%
2005*	9,278	17.8%

Source: CODUSEF, Bank of Mexico.

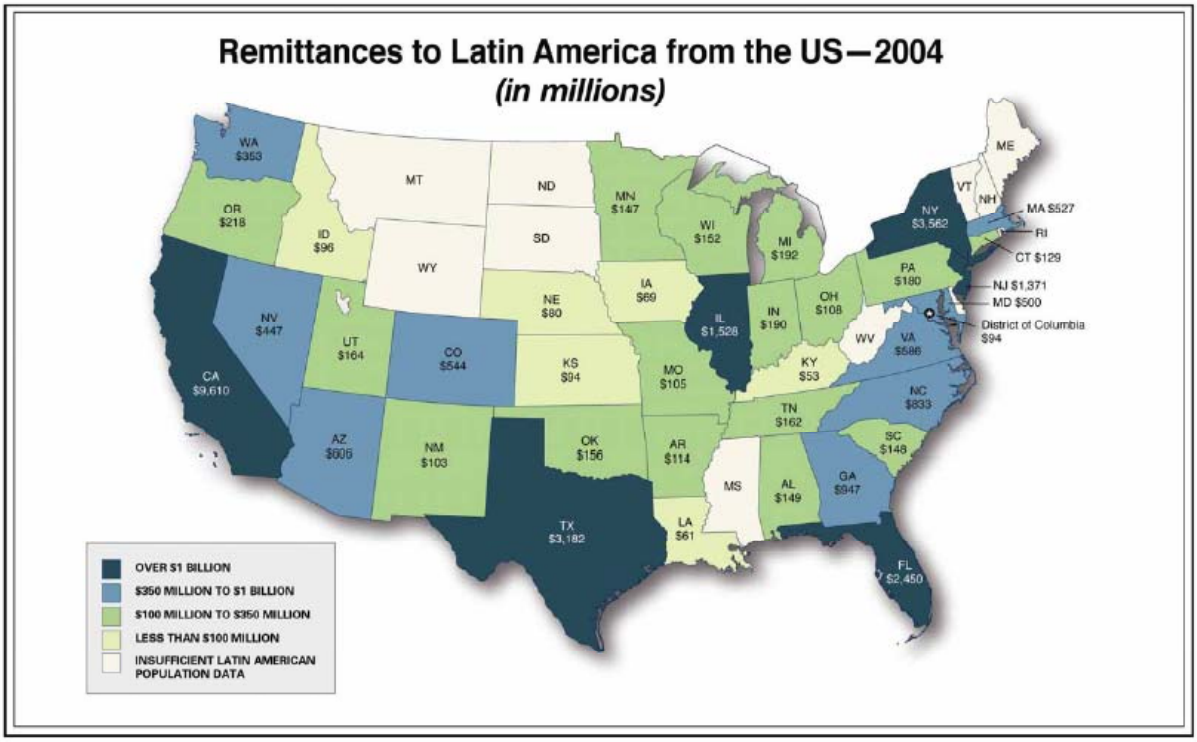
* Figures are for January-June, 2005 as reported by the Bank of Mexico

Remittances from Utah

According to research conducted by the Inter-American Development Bank (IDB) in 2004, $164 million dollars of remittances to Latin America originated in Utah, ranking Utah 20th among sending states. The average amount sent by each Latino resident in Utah was $1,785 per year, which is below the national average of $1,804 per Latino resident. Utah ranks 30th in the average amount sent home by each resident, far behind states like Maryland, North Carolina, Alabama and Georgia, where immigrants send on average more than $2,700 each year. Neighboring states like Colorado, Arizona, and Nevada send up to four times more remittances than Utah, in part because of larger immigrant populations, and in the case of Colorado, also because immigrants send more money home each year on average.

Figure C.5.2

Total Money Sent



Source: IDB-MIF: http://www.iadb.org/exr/remittances/images/Remesas_USMAP2004

The IDB study does not document the destination of remittances, but it is possible to estimate the size of remittances from Utah to Mexico using estimates of the size of the Mexican immigrant population in Utah. The IDB study estimates that there are 91,868 immigrants from Latin America living in Utah, of which 66,478 or 72.4% were born in Mexico (Census Bureau). Using this proportion yields an estimate of $118.7 million in remittances flows from Utah to Mexico.[7] Given a 25% increase in the population of Mexican immigrants between 2000 and 2004, remittance flows likely approached $148 million in 2004. The IDB study also provides the following information on Utah and remittances:

- 65% of Latin American immigrants in Utah send money to relatives in their home country. The highest percentage is 84% for residents of North Carolina, the lowest is 38% for residents of New Mexico.
- On average, Latin American immigrants in Utah make 11.5 transfers each year.
- The average size of each transfer from Utah is $240.

[7] These are probably conservative estimates of the actual remittance flows from Utah to Mexico in 2004, given that Census studies typically undercount undocumented immigrants, and given that the size of the Hispanic population in Utah has grown by an estimated 25% since 2000 (Census Bureau).

Several factors affect the amount and frequency of remittance payments by immigrants in the United States. The most obvious factor is income: immigrants who earn more money are more likely to make larger and more frequent transfers to Mexico. In Utah, Mexican immigrants earn on average $18,138 per year, with documented immigrants earning $19,523 and undocumented immigrants earning $16,467. This is far below the national average annual earned income of $30,916 (see Section A.2). Second, the length of stay also seems to be important. According to the 2003 National Survey of Latinos conducted by the Pew Hispanic Center and the Kaiser Family Foundation, remittance senders are concentrated among the more recently arrived immigrants. About half of all Latin American immigrants who have been in the U.S. for ten years of less are regular remittance senders, while the money flow drops off among those with longer tenure (Suro 2003). Third, the ease and cost of sending remittances is a factor influencing people's decisions about how much and how frequently to send money. Most money transfer companies like Western Union and Moneygram, which handle the vast majority of transfers, charge flat rates for sending money to Mexico.[8] Banks tend to charge lower fees for money transfers, but the fact that recent immigrants tend not to open bank accounts inhibits the size of remittance flows.

Impact of Remittance Flows from Utah on Mexico

Remittances are rapidly becoming an important source of capital in Mexico and are key to Mexico's macro-economic stability and growth in the future. Remittance flows bring in more money than tourism and are second only to oil as a source of revenue for the Mexican economy, and generally far exceed the economic aid and direct foreign investment coming to Mexico from the United States (Banco de México 2005). More directly, remittances are an important source of income for millions of families, especially women and children. According to research by the Multilateral Investment Fund (MIF) of the IDB and the Pew Hispanic Center, 18% of Mexican adults receive remittances from abroad. These remittances flow to all sectors of Mexican society, to both urban and rural areas, and to virtually every state.

The large remittance flows from the United States to Mexico also create an opportunity for closer financial integration between banks in the two countries. Some of the largest banks in the United States, such as Bank of America, Citibank, and Wells Fargo, as well as regional banks such as Zion's, have moved aggressively to partner with Mexican financial institutions to offer less expensive ways to send remittances to Mexico. This also encourage senders and receivers to open savings accounts. For example, Wells Fargo's Intercuenta Express accounts allow senders to transfer remittances from their accounts directly to the beneficiary's account at one of Wells Fargo's partner banks in Mexico.[9] Recipients can then access this money using their bank's ATM or debit card. These products have the potential to lower transaction costs for remittances through increased competition. For example, it currently costs $60 to send $2000 to Mexico through a money transfer with Western Union, whereas

[8] In August 2005, Western Union charged $14.99 for a $300 online money transfers to Mexico; MoneyGram charged between $10 and $18 for similar transactions.

[9] Currently Wells Fargo has agreements with three of Mexico's largest banks: BBVA-Bancomer, Banorte and HSBC Mexico.

Intercuenta account holders can send up to $3000 for an $8 transfer fee plus a $10 annual fee.

Impact of Remittances on Utah

The most obvious impact of remittances on Utah is financial. The financial benefits come primarily from the capture of transaction fees and, potentially from the deposits captured by banks and credit unions. We estimate fees from remittance transactions between Utah and Mexico generated $7.5 million in revenue for local businesses in 2000,[10] and as much as $9 million in 2004.[11] These estimates do not include check cashing fees or revenue from advantageous exchange rates used by money transfer firms.

[10] According to the IDB, 65% of Latino immigrants living in Utah send remittances each year; given an estimated population of 66,478 Mexican immigrants in 2000, this suggests that approximately 43,211 Utah residents sent remittances to Mexico in 2000. If each immigrant made on average 11.5 transactions each year (IDB) at an estimated cost of $14.99 per transaction, then there were an estimated 496,926 separate money transfer transaction to Mexico from Utah in 2000, producing a net cash flow of $7.45 million

[11] According to the latest U.S. Census Bureau Estimates, the Hispanic or Latino population in Utah increased 25.6% between 2000 and 2004. Since most of this increase most likely came as a result of immigration by Mexican nationals, we can estimate that the number of remittance transactions also increased by approximately 25%.

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D. TOURISM

1. THE TOURISM INDUSTRY IN UTAH

With its abundance and variety of recreational areas and activities, Utah has always been a destination for outdoor enthusiasts. Following worldwide exposure from hosting the 2002 Olympic Winter Games, state legislators and businesses are attempting to capitalize on Utah's tourism potential, both nationally and internationally. In the United States, tourists spent $523 billion in 1999, and $4 billion of that was spent in Utah (Robson 2001).

In the past, the state budget only allotted $900,000 for tourism branding and marketing, but new legislation has provided the Utah Office of Tourism with $10 million during this fiscal year to develop a program to attract visitors. Utah's tourism budget formerly ranked 42nd in the United States, but with this budget increase, it will now be among the top 15 states in the country. Governor Jon Huntsman, Jr.'s goal is to increase the number of tourists who visit Utah by 5 million annually (Wallace, 2005).

Table D.1.1 provides a sense of the contribution of tourism revenues to the economy of Utah in 2004.

TABLE D1.1
Utah Tourism General Economic Statistics

Total Economic Impact	Number of Visitors to Utah	Employment in tourism	Tax Equivalent from tourism	Return on Investment from Tourism Advertising
Nearly $5 billion direct; $10 billion direct and indirect.	Approx. 17.5 million in 2004	10% of state's employment; ranked 6th, or 3rd if all elements considered	$444 per household per year	8-to-1

Source: Utah Office of Tourism, 2005; Robson, 2001.

2. UTAH-MEXICO TOURISM

In 2001 there were 263 million entries into the US at the checkpoints on the US-Mexican border in California, Arizona, Texas and New Mexico. The reverse traffic would be comparable. This is one indicator of the extent of the contacts between citizens of Mexico and of the US. Another main contact point is travel for tourism, and this is more relevant to Utah since there is no border with Mexico.

In 2004, the U.S. Department of Commerce's International Trade Administration estimated the number of international tourists visiting the United States was over 46 million. This was a decline from its high point in 2000 when there were 51 million international visitors. These statistics do not count visitors who remain within 25 miles of the border. Of the 2004 figure, 11.9 million came from Mexico, over one-quarter of the total. Mexico's share has remained stable since at least 1994. Only Canada exceeded Mexico in the number of visitors with 13.9 million. Together, tourists from Canada and

Mexico represented 55 percent of all international visitors to the United States in 2004 (ITA, 2005).

The Utah Office of Tourism does not include Canada and Mexico in recording "International Visitors," which summed to 9.8 million in 2004. They estimate that approximately 1% of Utah's international tourists are from Mexico, or 98,000 people per year (Utah Office of Tourism, 2005). This appears to be a lower estimate than would be obtained from the numbers extrapolated from ITA data on air arrivals. In 2003, 17 percent of Mexicans who traveled by air to the US had the mountain states as their destination, summing to 236,000 in total. If even 25 percent of them went to Utah, this would give 59,000. And given the proximity of Utah to Mexico, it is likely that more than half of the Mexican visitors would have arrived by surface transportation, especially since only 21 percent of Mexican visitors to the US arrive by air (ITA, 2005). In any case, even 98,000 visitors from Mexico is a significant number.

Data for the US show that 56 percent of Mexican visitors come for vacation/holiday, 47 percent to visit friends or relatives, 23 percent on business, and 9 percent for conventions. It is likely that the vacation share in Utah is higher, though there is no precise estimate available.

Mexico is the largest travel destination for US residents. In 2004 19 million visitors went to Mexico, followed by 15 million to Canada. Mexico's share was 31 percent and, together with Canada, accounted for 68 percent of the outbound visitors. The high point for visits to Mexico was 1996 when over 20 million US residents went there for one or more nights. After a decline in 2002, the volume increased by 10 percent between 2003 and 2004, the same amount as total foreign travel by US residents. Of those total visits, 38 percent were for vacation, 33 percent for visits to friends or relatives, and 22 percent for business. There are no data that would allow estimates for Utah.

In the US balance of payments, tourism generates a surplus. In 2004, expenditures in the US by international visitors were $93.3 billion and US residents spent $89.3 billion abroad, for a surplus of $4.0 billion. The surplus reached its highest point in 1996 when it was $26 billion and 2003 was its low point at $1.6 billion (ITA, 2005). The balance with Mexico was negative, however, reflecting the larger number of US travelers to Mexico. In 2003, there was a deficit of $1.2 billion and in 2004 that doubled to $2.5 billion. Again, there are no data for Utah, though one might expect that the flows would be more balanced because of Utah's attractiveness as a tourist destination. If the state's tourism development program is successful, it should increase the number of Mexican visitors to Utah and should shift the balance toward the plus side for the state, since there has long been travel promotion to Mexico on the part of local travel agents and air charter companies.

3. WINTER TOURISM IN UTAH

The ski and snowboard industry is a very significant component of Utah tourism. International visitors represent a small faction of the ski and snowboard business, yet still contribute to Utah's tourist economy. Of the over 4,000 visitors polled in Ski Utah's 2002-2003 survey, international visitors represented 3 percent. Based on the survey, the out of state/international visitor activity was estimated as follows:

TABLE D3.1
International Winter Visitors

United Kingdom	.8% of total survey sample
Canada	.5% of total survey sample
Mexico	.2% of total survey sample
Germany	.2% of total survey sample
Australia	.2% of total survey sample

TABLE D3.2
Winter Tourist Expenditures

	Aggregate Annual Expenditures
Out of state/International Visitors	$695,757,156
Utah Residents	$164,896,608
TOTAL	**$860,653,764**

TABLE D3.3
Spending Pattern of Non-Utah Skiers and Snowboarders

Money spent per capita	average of $251.61/day
Money spent on mountain	average of $82.14/day
Money spent in town	average of $169.47/day
Money spent on accommodations	
Summit County	average of $285.05/day
Salt Lake County	average of $228.45/day
Other Places in UTAH	average of $202.04/day
TOTAL PER PERSON PER DAY	Average of $536.66/day

SOURCE: Ski Utah, 2003

Total aggregate expenditures in Utah by out-of-state/international skiers for the 2002/2003 season were estimated to be approximately $695 million, $160 million of which was airfare (Ski Utah, 2003). If one percent of the skiers were from Mexico, they would have spent almost $7 million in Utah during the 2002-2003 ski season. The average skier spends $537 per day in Utah.

4. RELIGIOUS VISITATION

In addition to recreation opportunities, Utah is the international headquarters for the Church of Jesus Christ of Latter-Day Saints (LDS). The Salt Lake LDS Temple has long been an icon of the state's religious history, and attracts millions of visitors annually as it is known worldwide as the religious symbol of the LDS Church. Mexico represents a large faction of non-US LDS church members, and thus the tourism relationship is a reflection, as many church members travel from Mexico to visit the Salt Lake Temple and other historical LDS-related tourist sites.

TABLE D4.1
LDS Church Membership Distribution (31 December 2004)

United States - 5,599,177
South America - 2,904,085
Mexico - 1,013,071
Asia - 865,987
Central America - 527,511
Europe - 440,945
South Pacific - 396,104
Africa - 220,798
Canada - 169,633
Caribbean - 138,511
Source: LDS "Newsroom" http://www.lds.org/newsroom/page/0,15606,4036-1---12-168,00.html <Accessed June 21, 2005>

In addition, Spanish is the second most spoken language by members of the LDS Church. There are 5.8 million English speakers and 3.7 million Spanish speakers, as well as 907,000 Portuguese speakers.

A final measure of the centrality of Mexico to the LDS Church is that it has built 10 of its 119 temples in Mexico, 8 of those 10 having been constructed in the last five years.

TABLE D4.2
LDS Temples in Mexico and Construction Dates

1. Mexico City (D.F.) 1983
2. Chihuahua 1999
3. Sonora 2000
4. Oaxaca 2000
5. Tuxtla 2000
6. Tampico 2000
7. Villahermosa 2000
8. Mérida 2000
9. Veracruz 2000
10. Guadalajara 2001

Source: LDS "Newsroom": http://www.lds.org/newsroom/templelistt <Accessed June 21, 2005>

5. TOURISM AND UTAH'S JOB MARKET

Economists cite the growing economy, the preparation, celebration and aftermath of the 2002 Winter Olympic Games, the national expansion, and statewide structural economic changes as factors that have led to increasing demand for the types of labor that

immigrants have traditionally provided (Perlich, 2004). Twenty percent of the population growth in Utah during the 1990's was due to the increase in Utah's foreign-born population.

Recall that among Utah's foreign-born population, 42% reported Mexico as their birthplace, compared to 29.5% of the entire nation's foreign-born population (US Census, 2000). In addition, 52.3% of Utah's foreign-born population cited their ethnicity as Hispanic. In 1850, Utah recorded only 7 foreign-born residents from Mexico; in 2000, it reported 66,478; and Mexico remains Utah's largest immigrant source.

From 1990-2000, employment in Utah increased by approximately 35,000 jobs annually in areas such as highway construction, light rail construction, sports facility construction, hotel and residence construction, and the staffing of hotels and restaurants. The more recent foreign-born, most of whom are of working age and generally bring few children with them, occupy many of the jobs that propel Utah's tourist industry. According to Census 2000 data, twelve of the top twenty-five occupations of the Utah Foreign-Born Population were tourism-related (Table D5.1). Recall the importance of Mexicans among Utah's foreign born population. In addition, the concentration of foreign born in many of these occupations, particularly those that are among the lowest paying, is far higher than their share in the overall working population. For example, there are 5.5 times as many foreign born workers who are dishwashers than would be expected from their share of the Utah labor force. This highlights their centrality to the orderly functioning of the hospitality industry.

TABLE D5.1
Tourism-Related Occupations of Utah's Foreign-Born Population

Rank (out of 25)	Occupation	# Estimated Number	Relative Concentration
2	Cooks	4,243	3.0
3	Maids/Housekeeping	4,076	5.4
4	Construction Laborers	3,990	3.5
5	Janitors/Building Cleaners	3,589	1.8
7	Cashiers	2,651	0.9
8	Grounds/Maintenance Workers	2,634	3.6
10	Retail Salespersons	2,131	0.6
11	Customer Service	1,947	0.7
12	Waiters/Waitresses	1,907	1.2
17	Food Preparation Workers	1,589	2.8
23	First-Line Supervisors/ Managers of Retail Sales Workers	1,182	0.4
25	Dishwashers	1,103	5.5

Source: Perlich, 2004, based on Census 2000, Tables 4-6.

Consequently, the three regions of Utah with the largest percent of foreign-born residents, Wendover (46.3 %), Park City (19.4%), and Salt Lake City (18.3%) are also

very large tourist venues and rapidly growing business and residential communities. The areas of greatest concentrations of foreign-born people in Utah are in close proximity to employment in the hospitality sector. Therefore, while the tourist relationship between Utah and Mexican tourists is not completely balanced, the tourism industry itself would not have been able to achieve the growth it has enjoyed in recent years without the vital labor resources provided by the foreign-born who have immigrated to Utah.

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E. ECONOMICS OF EDUCATING THE UNDOCUMENTED

1. SIZE OF PROGRAM

Utah currently allows anyone who has attended a state high school for at least three years and has graduated from a Utah high school to qualify for in-state tuition. In 2002, HB144 clarified that students without lawful immigration status could also qualify. They were differentiated from "aliens who are present in the United States on visitor, student, or other visas which authorize only temporary presence in this country… and who therefore…do not have the capacity to intend to reside in Utah for an indefinite period and therefore must be classified as nonresident." (USHE, R512) This implicitly recognized the existence of communities of undocumented, which include young adults, and represented a decision to offer opportunities to their "best and brightest." Presumably this would improve the well-being of those communities, particularly as their younger members toake on more responsible roles. The alternative is to deny their existence and to force them into the underground where the communities are likely to be increasingly dysfunctional. Section A of this report on "Mexicans in Utah" shows how large these communities have become and suggests the importance of dealing with them through creative public policy. Utah is one of seven states that provide access to higher education.

Through high school, access is guaranteed. In 1982 the U.S. Supreme Court in *Plyler v. Doe* that all children are guaranteed access to K-12 public education, regardless of immigration and legal status. The court decisions and subsequent legislation mandated such access in recognition of the benefits to society in educating all who are physically present in a community, regardless of income, citizenship, handicap, etc. Such education is a public good, all benefit from an educated citizenry.

Access to public higher education is not guaranteed, though California's effort in Proposition 187 to prohibit undocumented participation in higher education was struck down as preempted by Federal law. In the case of higher education, admission standards differentiate among students on their perceived abilities, costs are borne more directly by the students or their families because of the private benefits that they receive, and differential tuition charges are designed to favor students likely to remain in a state and contribute to that state's economy. HB 144 was designed to facilitate access by students who were successful in high school and had lived in the state, even though they were undocumented.

Let us look first at the resultant size of the Utah program. Data are reproduced in Table E.1.1 from six institutions of the USHE that provided resident tuition to 117 individuals in 2003-2004. They indicate that $299,905 of out-of-state tuition was foregone.[1] Kept in perspective, these waivers account for a small proportion of the $44,896,556 in total tuition waivers granted for that year, in the 16 authorized waiver programs. For example, waivers of non-resident tuition were given to "border" students that year, primarily by Utah State (Idaho) and Dixie State (Nevada-Arizona). The cost of the waived tuition in that program was $1,066,334.

[1] A more precise calculation of the University of Utah figures was undertaken, since the reported numbers were an estimate of the cost of the foregone tuition. The more direct calculation based on the individual student course loads indicated that the actual cost for the 14 individuals who were offered the tuition waiver was $68,237, rather than $49,976.

TABLE E.1.1
Undocumented Utah High School Graduate Waivers, 2003-2004

	UofU	USU	WSU	SUU	UVSC	SLCC	
Headcount Students	14	3	7	2	30	61	TOTAL 117
Amount Waived	$45,976	$15,439	$21,048	$10,728	$94,740	$111,974	$299,905
Average Amount	$3,284	$5,146	$3,007	$5,364	$3,158	$1,836	$2,563
Tuition Paid	$18,390	$6,176	$8,419	$4,291	$37,896	$44,790	$119,962

Source: Utah State Board of Regents, "Utilization of Statutory Waiver Programs (2003-2004 Actuals)"

The final row in the table calculates the actual tuition that these students paid as in-state students. This is based on the formula that sets the ratio of in-state to out-of-state tuition at approximately 3.5:1. Presumably the students did pay tuition to the schools they attended, though at the in-state rate. This calculation indicates that they paid $119,962 in tuition for the academic year 2003-2004, based on the estimated tuition waived.

These data are from the first full year of the program. We do have more recent data for the University of Utah. There were 18 HB144 students admitted to the UofU in 2004-2005 and for Fall 2005, 28 had been admitted as of August 12.

2. DIRECT FISCAL IMPACT

Returning to the HB144 waivers, the common assumption is that the amount waived represents a loss of tuition revenue. However, if the waiver provided access to higher education for students who otherwise would not have attended, there may be a net gain in tuition actually paid. Since the same numbers imply that these 117 students paid $119,962 in resident tuition to the six USHE institutions they attended, using the regents' figures, the fiscal impact could range from + $119,962 to - $299,905, a range of almost $420,000. This gives a sense of the difficulties of estimating the fiscal impact of HB144. The only way to calculate the fiscal impact is to know—or estimate—the number of such students who would have attended the USHE if the waiver program did not exist.

There is no way to estimate how many students without normal immigration status attended the University of Utah prior to 2003. However, there is earlier information on students who graduated from a Utah high school and still paid non-resident tuition at the UofU. There are a variety of reasons a student could fall into this category, such as presence on a tourist or visitor visa. Absence of documented immigration status is only one and it is possible that no undocumented students were included in this group. Nonetheless, Table E.2.1 provides data on the numbers of such students.

TABLE E.2.1

	EFFECT OF HB 144 ON ATTENDANCE				
UTAH HIGH SCHOOL GRADUATES ADMITTED AS NON-RESIDENTS-UofU					
		ACADEMIC YEAR			
ETHNICITY	2001	2002	2003	2004	2005 BY 8/12
HISPANIC	5	7	9	15	41
WHITE	17	20	31	42	99
NON-SPECIFIED	1	1	3	8	4
OTHER	4	3	6	7	15
TOTAL	27	31	49	72	159
	HB 144 STUDENTS ADMITTED-UofU				
TOTAL		3	17	19	28

In 2001 there were 27 of these students, and the number grew to 72 by Fall, 2004, and then more than doubled to 159 in Fall 2005. We expect most students without legal immigration status to be Hispanic. Twelve of the 14 students with UofU HB144 waivers in 2003 were Hispanic; one self-identified as white and another as not specified. Of the 21 students in 2004, one self-identified as white, 3 as black, and one as not specified. If these students would have attended the UofU regardless of the waivers, the number of Hispanic high school graduates admitted as non-residents should have remained stable at four or five or only increased at the same rate as the total. On the contrary, the Table indicates that the increase in Hispanic students was far greater than the overall increase. That number tripled from 2001 to 2004, more than doubled from 2002 to 2004, and almost tripled between 2004 and 2005. The numbers in the white and non-specified categories increased, but at a slower rate; and some of their increase may have been the result of HB144, since the ethnic categories are self-reported and we saw above that several of the HB144 students did not report as Hispanic.

This indicates that receiving the HB144 waiver increased the number of students enrolled in the University of Utah over what enrollment would have been without the waiver.[2] Assume that normally four Utah graduated Hispanic students per year would be admitted to the UofU as non-residents, in the absence of HB144. Also assume that these were all undocumented students, which is surely an overstatement. Even this least favorable case implies that there was a net addition of 10 (one admitted student did not attend) students who would not have attended the UofU in 2003-2004 without the HB144 waiver. While the data make any conclusions far from certain, it is certainly true that the program led to more Hispanic students enrolling at the University of Utah, thus increasing the tuition the university received. This pattern appears to be accelerating, as

[2] An attempt was made to look at the overlap in the non-resident Hispanics and the HB144 students from individual student data. In 2001, there were 5 Utah graduated Hispanic students admitted as non-residents. In 2002, there were four. In 2003, one Hispanic student was admitted in addition to the eight Hispanic HB144 students. In 2004 there were four Utah graduated Hispanics admitted, in addition to the eleven Hispanic HB144 students

there were 41 Hispanic non-resident Utah high school graduates admitted for the Fall, 2005, and there were 28 HB144 admits as of August 12.

Since the program appears to be effective in increasing the number of undocumented students who attend the UofU, the actual fiscal cost to the state was substantially less than the amount projected from the waiver totals usually reported. For example, if HB144 increased the enrollment of undocumented students from four to the UofU's fourteen in 2003-2004, the $13,136 of waived tuition for those four students would be almost exactly balanced by the $13,130 additional tuition actually paid by the 10 students. It is likely that repealing the waiver program would actually result in less tuition being paid. It is even more likely that the tuition paid by the students plus the taxes that they and their families pay as a share of the tax support for higher education would more than offset the cost of the tuition waivers (See the information on taxes paid in Section A.5).

Table E2.2 provides a simulation of the fiscal impact of the program at the UofU for the 2003-2005 period--two academic years. It is based on the actual student credit hours taken by the HB144 students. At one extreme is the fiscal impact if all of the undocumented students would have attended the U without the HB144 waivers. At the other extreme is the fiscal impact if none of the students would have attended in the absence of the program. The middle estimate assumes that four undocumented students would have enrolled without HB144, certainly a high estimate, and calculates the net effect of increasing the number of students beyond four. In this case the net fiscal impact was positive, the increase in tuition paid at the in-state rate outweighed the loss in non-resident tuition that four students would have paid by $22,381. As more students are encouraged to attend, the net increase in tuition paid would grow further.

TABLE E2.2

SIMULATIONS OF FISCAL IMPACT UofU HB 144 STUDENTS, 2003-2005								TOTAL
			FALL,03	SPR, 04	FALL,04	SPR,05	FALL,05	
NUMBER OF STUDENTS			13	11	26	22	28	
CREDIT HOURS			141	106	263	245	ADMITS	
TUITION PAID			$15,274	$11,764	$34,229	$31,304		
TUITION WAIVED			$38,500	$29,737	$86,378	$78,683		
FISCAL IMPACT								
ZERO INCREASE IN STUDENTS			-$38,500	-$29,737	-$86,378	-$78,683		-$233,298
INCREASE FROM FOUR			-$1,272	-$3,327	$15,674	$11,306		$22,381
ALL NEW STUDENTS			$15,274	$11,764	$34,229	$31,304		$92,571

Again, there is no way to find how many additional students attend higher education as a result of HB144. It is important, however, to remember that the gross cost of the tuition waivers that is the usual focus of debate undoubtedly overstates the actual cost of the program to the state. This point is underlined when the actuality of state funding for higher education is noted. In recent years, the state has under-funded student credit hour increases, requiring the institutions to absorb most of the cost of additional students. In the case where there was no added state funding, any cost the program entailed would be completely absorbed by the institution attended. This would again reduce the state fiscal cost.

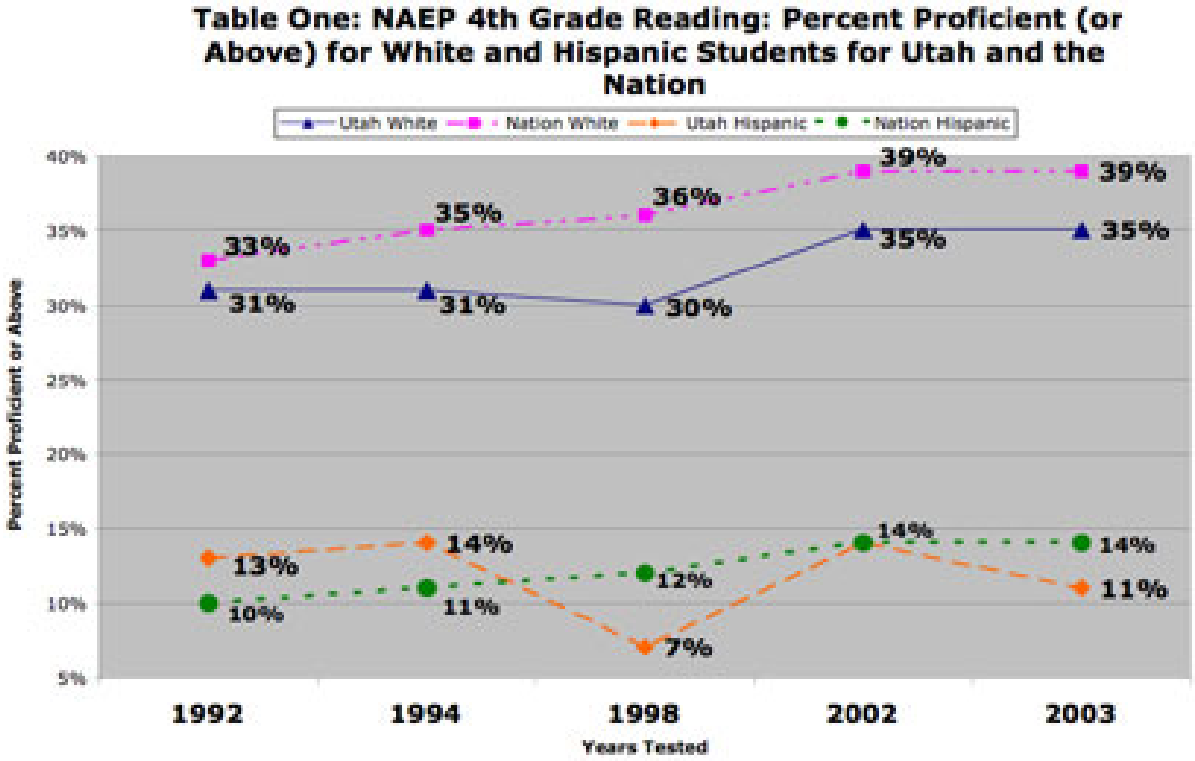
3. HISPANIC AND UNDOCUMENTED EDUCATION IN UTAH

Access to higher education for the undocumented cannot be understood without placing it in the broader context of the educational experience of the Hispanic community, both in the US and in Utah.

It is well-known that the Hispanic population is far behind the total US population in educational participation and achievement. For example, 80.4 percent of the US population have at least a high school degree, but only 52.4 percent of Hispanics have graduated from high school; 24.4 percent of the US have at least a bachelor's degree compared with only 10.4 percent of Hispanics (US Census, 2004). As noted in section A, Mexican heritage dominates Utah Hispanics. At the national level 45.8 percent of Mexicans have at least high school, and 7.5 percent at least a bachelor's. Both are lower than the total population and all Hispanics. Recall that only 32 percent of Utah's Mexican immigrants have at least a high school diploma (Section A, Table 1). Thus improving the education of Hispanics is a major challenge in Utah, and providing higher education to the undocumented is a small but important part of this challenge.

Some sense of the degree of challenge, and Utah's flagging performance, comes from the recent "achievement gap" study by the Utah State Office of Education. It showed that the proficiency gap between Anglo and Latino students in Utah, in math and in reading, has increased between 1992 and 2003, and that there is now a gap between Utah Latinos and US Latinos. Chart E.3.1 below shows that only 11 percent of Utah's Hispanic 4th grade students were proficient in reading, compared with 14 percent of US Hispanics. This compared unfavorably with the 35 percent proficiency of Utah's white 4th graders, though they were also 4 percent behind the US whites. In Utah the white-Hispanic gap has grown from 18 percent in 1992 to 24 percent in 2003. Nationally the gap has grown from 21 to 25 percent. In 1992, Utah Hispanic children were above the national average by 3 percent; in 2003 they were 3 percent behind. There are enough difficulties with the data that strong claims should be avoided. The composition of Utah's Hispanic population may play a role as well as the resources dedicated to education. However, the Latino education gap is undeniable and any improvements in Hispanic educational accomplishments can only be beneficial.

FIGURE E.3.1



Note: No accommodations were provided to students in 1992 and 1994.

Source: Utah State Office of Education, Trends and Patterns of Utah's White and Hispanic 4th Grade Students Compared to the Nation: An NAEP Achievement Gap Analysis (June 2005) < http://www.usoe.k12.ut.us/eval/_NAEP1/default.htm > Accessed August 11, 2005.

Let us look in greater detail at the educational status of Utah's Hispanics, and of those who report themselves as Mexican, whether born in the US or in Mexico. Table 3.1 shows that in Utah there is a clear break in the relative educational attainment after high school. A higher percentage of Utah Hispanics have a high school degree than in the US as a whole, 52.7% compared with 49.5%. The same is true of Hispanics who report

TABLE E.3.1
EDUCATIONAL ATTAINMENT OF US/UTAH HISPANICS

		ALL HISPANICS		MEXICAN HISPANICS		MEXICAN HISPANICS			
						BORN IN MEXICO		BORN IN THE US	
		US	UTAH	US	UTAH	US	UTAH	US	UTAH
AT LEAST HS		49.5%	52.7%	43.3%	46.3%	39.5%	33.0%	65.6%	69.1%
AT LEAST ASSOC.		11.8%	9.9%	8.5%	7.5%	4.7%	4.7%	13.9%	12.2%
AT LEAST BACHELOR		8.4%	6.4%	5.8%	4.7%	3.3%	2.8%	9.3%	8.0%

Source: US Census, IPUMS Dataset (5% sample)

themselves as Mexican, though the group as a whole has a lower rate of high school completion than that of all Hispanics. In Utah, 46.3% of Mexican Hispanics have a high school degree, compared with the national value of 43.3%. If Mexicans are further subdivided into those born in the US and those born in Mexico, the pattern breaks down. Utah's US born Mexicans have a higher rate of high school completion than those in the country as a whole. However, those born in Mexico show the reverse. Thirty-three percent of Utah's Mexicans born in Mexico have high school degrees (the highest percent in the intermountain west-see Table A.1) whereas the figure is 39.5% in the US. Section A provides more information and discussion of the explanation for this difference. For our purposes, however, the data show that the Mexican immigrant population represent the greatest educational challenge for Utah, and that challenge is greatest at the university level.

In addition, there may be a relation between high school education and access to higher education, especially for the undocumented. Hispanic droput rates are obviously quite high, and there is a belief that being precluded from college may increase the tendency to drop out, as it will put a "paper ceiling" on how far a student can aspire to go (Biswas, 2005, 3). All of the categories show that Utah's Hispanics and Mexicans are far behind national averages in attaining bachelor's degrees. Such degree holders are likely to be the leaders in their communities, and this is exactly the group that HB 144 was designed to serve.

The next section examines the evidence on the value of education to a state and to its individual citizens. The importance of the information in Table E.3.1 must be emphasized, since Hispanic students will become an ever larger share of Utah's students in coming years. In 2001-2002, Hispanics accounted for 5.2% of Utah's high school graduates (WICHE, 2003). Given current school enrollments, in 2011-2012 they will account for 14.9% of the graduates, and by 2017-2018 that share will rise to almost 24%. As we will see below, unless a significant share of these graduates can be provided college education, the state's economic development may lag behind states that succeed in providing such education. Again, HB144 can play a positive role in this regard.

4. THE VARIED IMPACT OF INCREASED EDUCATION

Let us turn now to examine the effect of providing higher education to this group of students. This is a complex question, which goes far beyond the economic issues. However, economics will be the primary focus of this section. For a specific estimate of the impact, we would need much more information about the individual students and about their actual or potential employment and civic experience over coming years. This will depend upon a whole series of factors beyond their individual capacities and behaviors: the state of the US job market; US immigration and employment policy; international economic alternatives for Spanish speaking persons; and the economic vitality of the Utah Hispanic community. We cannot project any of these and thus must rely on general analyses of the effects of education.

To gain a sense of how education benefits individuals and their community, we can start with a synthesis of the benefits of higher education as (IHEP, 1998). The authors developed a matrix of higher education benefits, reproduced in Figure E.4.2. If the HB144 program increases the participation of undocumented in higher education, it will offer this array of benefits. In some degree they will specific to the undocumented

community, though there will certainly be many private benefits and the social benefits will spill over to the rest of the state. Any program that hopes to encourage economic development, such as that of Governor Huntsman of Utah, must certainly include a significant educational component. Studies across countries buttress this case. For example, Krueger and Lindahl's (2001) survey of the international evidence find that education has a high private return in all cases, and while the public or social returns are more variable, they are generally high as well. Studies within countries and across states in countries find similar results as will be noted below.

Our analysis below will not attempt to assess all of these elements. And it should be noted that there are costs, both public and private to providing higher education. The cost elements can be captured by calculating rates of return on expenditures. Section 5 presents the general findings on the private rate of return to higher education. The

FIGURE E.4.1
THE ARRAY OF HIGHER EDUCATION BENEFITS

	PUBLIC	**PRIVATE**
	Increased Tax Revenues	Higher Salaries and Benefits
	Greater Productivity	Employment
ECONOMIC	Increased Consumption	Higher Savings Levels
	Increased Workforce Flexibility	Improved Working Conditions
	Decreased Reliance on Government Financial Support	Personal/Professional Mobility
	Reduced Crime Rates	Improved Health/Life Expectancy
	Increased Charitable Giving/ Community Service	Improved Quality of Life for Offspring
SOCIAL	Increased Quality of Civic Life	Better Consumer Decision Making
	Social Cohesion/Appreciation of Diversity	Increased Personal Status
	Improved Ability to Adapt to and Use Technology	More Hobbies, Leisure Activities

SOURCE: Institute for Higher Education Policy. 1998. *Reaping the Benefits: Defining the Public and Private Value of Going to College*. Washington, DC: Institute for Higher Education Policy.

calculations generally rely on the economic benefits of higher salaries and more stable employment. So they understate the total return by leaving out all the social returns and many of the economic returns. Section 6 summarizes the data on the public rate of return. Thos calculations are even less satisfactory, since they generally simply adjust the private rate of return down to take account of the fiscal cost of education. Despite these shortcomings, all of the evidence points to very high rates of return to higher education.

In part this is captured by the difference in growth rates across states and countries and their correlation with educational levels. Examination of the

5. PRIVATE RETURN TO HIGHER EDUCATION

The tuition waiver program, with 16 categories of potential waivers, is designed to facilitate college attendance by special categories of students, i.e. national guard members, public school teachers, meritorious undergraduates or graduates.

When such a program increases college attendance, the individuals involved benefit. The private rate of return to higher education takes into account both its economic costs and its economic benefits. The rate of return has been found to be quite high in all studies. International studies place the world rate of return at 19.9%, though it is highest in low income countries with fewer college educated citizens (Psacharopolous, 1994). Leslie and Brinkman (1988) found the rate of return to be stable at 12 percent. These are high rates of return on investment, e.g. ten-year treasury bonds in September were paying 4.25 percent return, indicating that the resources spent on education will be well spent.

Another useful measure, although it omits the cost side, is the effect of education on lifetime earnings. Day and Newburger (2002) estimate that a high school graduate will earn $1.2 million over his or her working life. Some college will raise that amount to $1.5 million, an Associate's Degree to $1.6 million and a Bachelor's Degree to $2.1 million. In addition, the gap between high school graduates and bachelors has increased substantially over time, reflecting the different wage experience of skilled and unskilled workers. In 1983 the average wage of a bachelor's degree holder was 1.5 times the average of a high school graduate. By 1999 that multiplier had risen to 1.8. IHEP (2005) calculated the difference in personal incomes in 2003 for Utah and found that the bachelor degree holder's personal income was 2.04 times that of the high school graduate. This is partly the result of the lower unemployment rate among bachelor degree holders, 1.9 percent versus the high school graduate's 4.0 percent in 2003.[3] This suggests that the benefit of higher education on an individual's welfare in Utah is higher than for the country as a whole, indicating a very high value for higher education in the state.

Since at least 8 of the 2003 HB144 students and 11 of the 2004 group were Hispanic, the effect on Hispanic earnings is of interest. On average for the U.S., Hispanics' earnings will be less than White, Non-hispanics. Nonetheless, a Hispanic bachelor degree holder will earn $1.7 million over their working life, compared with $1.1 million for a Hispanic high school graduate (Day and Newburger, 2002, Figure 7). Another tangible impact is the effect on Hispanic participation in college education. As noted above, Hispanic participation in education at all levels is lower than the national average. In most measures of education, e.g. percentage with college degrees, Utah is better than the US average overall, but worse for Hispanics.

Thus increasing the college experience of Hispanic youth would respond to the conclusions of the recent study funded by the Gates Foundation: "the greatest impact, from an economic standpoint, is to focus on those students who have the greatest opportunity to benefit. This suggests targeting first-generation, low-income students" (Williams and Swail, 2005).

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[3] They also note a "private social benefit" due to a greater sense of personal health among the college population. In Utah 81% of high school graduates feel they are in good health, while 96.3% of bachelors feel the same.

The actual effect of college attendance on the income of the students now in the HB144 program will differ from the national average, depending on their labor market experience upon finishing their studies. Receiving in-state tuition will by definition raise the private rate of return. The more important question is its effect on the total amount of education received by the undocumented. We have no relevant information on the expected income of these students, since that will be determined by national policy toward the undocumented and its effect on the labor market. There are three possibilities. The first is that their experience will track the overall Hispanic experience, that their return will be quite high, even though their lifetime earnings will not equal those of White, Non-hispanics. A second possibility is that they will be forced to work in a situation with structural discrimination, i.e. because of their undocumented status they will be forced to accept lower paying jobs to remain under the enforcement radar and thus their benefits will be lowered. Finally, if they hit an iron ceiling and are unable to find jobs that use their skills, their option will be to take unskilled work or to leave the country and return to their country of national origin. They may still be able to attain high income jobs, consistent with their education. However, the benefits will not stay in Utah. We cannot answer which is the most likely path without a careful study of the labor market experience of such undocumented college attendees. And to our knowledge there is no such study. The DREAM Act introduced by Sen. Hatch and the Student Adjustment Act introduced by Rep. Cannon would deal with this directly by specifically allowing states to set tuition policy and by facilitating regularization of students' status. This would make it more likely that Utah would reap the benefits of the HB144 students' education.

In any case, there is a very high private rate of return to the students who are enabled to attend college through the HB144 waiver. The benefits are economic, but also social. The size of the benefits gained is likely to be increased by the scarcity of Hispanics in higher education, both in Utah and in the U.S. In addition, the students will obtain the other private benefits noted in Figure E.4.1, thus improving the well-being of these members of one of the least privileged communities in Utah.

6. PUBLIC RETURN TO HIGHER EDUCATION

The more common reason for a state tuition waiver program is the "public return" to facilitating college attendance by members of the group receiving the waiver. Senior citizens, police or fire fighter survivors, and border waivers all reflect this goal. However, there is a social return to all higher education. Figure E.4.1 lists these types of benefits under "Public," with sub-categories of economic and social. For the most part, estimates of the public rate of return look solely at the economic benefits, which can be substantial. For example, Bosworth and Choitz (2005) found that among the 75 largest metro regions in the U.S. in 1980, the ten with the most college graduates had annual per capita income growth of 1.8 percent between 1980 and 1997. The lowest ten grew only at a 0.8 percent rate. This suggests that raising the average level of college education through programs such as HB144 has state-wide benefits.

International studies of rates of return have found an average public rate of return to higher education of 10.9 percent (Psacharopolous, 1994) though Leslie and Brinkman found rates of 12 percent. Specific studies have found improvements in cultural and family values and in economic growth, in personal attitudes, productivity, workforce

flexibility, and decreased reliance on government financial support (Porter, 2002). For example, IHEP (2005) found the following differences between high school and college graduates in Utah:

- 0.7% of high school graduates received public assistance in 2003 and 0.0% of college graduates
- 30.8% of high school graduates had ever volunteered compared with 41.7% of college graduates
- 51.7% of high school graduates voted in 2000, while 76.3% of college graduates voted

While undocumented immigrants cannot receive public assistance nor vote, these indicators suggest that their education will lead to persons who are more involved in their communities and thus will contribute to healthier communities and to the social good.

Goetz and Rupasingha (2003) estimated the effect on state per capita income of both higher education and the presence of high tech firms, which are dependent on an educated labor force. Across the United States, they estimate that each percentage point increase in the share of college graduates in the population raised per capita income by $339. Each additional high tech firm per 10,000 population raised per capita income by $704. Using county level data, the did the same estimates by state and found that each percentage increase in the share of the college educated would raise Utah's per capita income by $152. The effect is 3.19 times the effect of another year of high school among the highest in the country. The effect of one more high tech firm is to raise per capita income by $1110. Once again, improved access to higher education has significant public benefits.

Once again, however, the social impact depends upon the particular community experience that the HB144 students will have. This depends upon the dynamics of the Hispanic community, and particularly of the undocumented segment of that community. This returns us to the material in the first section of this study, the Hispanic population of Utah and its functioning. The salient point is that US policy, Mexican policy, US economic performance, Mexican economic performance, US business behavior, and a series of other factors have resulted in an estimated 33,000 undocumented Mexicans living in Utah. One estimate is that the total undocumented population is 65,000 (US Centers for Medicare and Medicaid, 2005). The U.S. has spent $239 million in recent years just on a surveillance system to aid border enforcement. It has been completely wasted and can be taken as a metaphor for the unsuccessful effort to stanch in-migration.

The 65,000 undocumented amount to over 3 percent of the state's population. They are here and function, and they affect the state's welfare in a myriad of dimensions. The fundamental question is again whether steps should be taken to encourage the most positive outcomes from their presence in the state or whether policy should attempt to drive them out by first driving them underground. If policy is of the first variety, HB 144 can play a very positive role for the individuals, for the Hispanic community, and for Utah as a whole. If policy is of the second variety, closing off the access of the small number of qualifying students is one mechanism that can be used.

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