

July 2010

## **NEW AMERICANS IN THE GOLDEN STATE: Immigrants, Latinos, and Asians Indispensable to California Economy**

California has been a major “gateway” for immigrants to this country since it became a state in 1848 and is home to the largest numbers of immigrants, Latinos, and Asians in the country. As a result, California exemplifies the enormous political and economic clout of immigrants and accounts for innumerable stories of immigrant success in climbing the socioeconomic ladder over time. Today, more than one-in-four Californians is an immigrant (foreign-born), and nearly half of Californians are Latino or Asian. Immigrants and their adult children account for roughly one-in-four of the state’s registered voters. Latino and Asian entrepreneurs (both foreign-born and native-born) own more than one-quarter of all businesses in the state, while Latino and Asian consumers account for nearly one-third of the state’s total purchasing power. Latino immigrants in California experience pronounced upward mobility over time in terms of mastering English and owning their own homes. And most native-born Californians have experienced wage *gains* from the presence of immigrants in the state’s labor market. These hard-working Californians have formed the backbone of the California economy throughout the state’s history, and they will be a key ingredient to California’s economic rebound.

### ***More than one-quarter of Californians are immigrants.***

- **The foreign-born share** of California’s population rose from 21.7% in [1990](#),<sup>1</sup> to 26.2% in [2000](#),<sup>2</sup> to 26.8% in [2008](#),<sup>3</sup> according to the U.S. Census Bureau. California was home to 9.9 million immigrants in [2008](#),<sup>4</sup> which is roughly equal to the total population of [Georgia](#).<sup>5</sup>
- **44.6% of immigrants (or 4.4 million people) in California were naturalized U.S. citizens** in [2008](#)<sup>6</sup> (up from 31.2% in [1990](#)<sup>7</sup>)—meaning that they are eligible to vote.
- **24.4% (or 13.2 million) of all registered voters in California are “New Americans”**—naturalized citizens or the U.S.-born children of immigrants who were raised during the current era of large-scale immigration from Latin America and Asia which began in 1965—according to an analysis of 2006 Census Bureau data by [Rob Paral & Associates](#).<sup>8</sup>

### ***Nearly half of Californians are Latino or Asian—and they vote.***

- **The Latino share of California’s population** grew from 25.8% in [1990](#),<sup>9</sup> to 32.4% in [2000](#),<sup>10</sup> to 36.6% (or 13.5 million people) in [2008](#).<sup>11</sup> **The Asian share of the population** grew from 9.2% in [1990](#),<sup>12</sup> to 10.9% in [2000](#),<sup>13</sup> to 12.4% (or 4.5 million people) in [2008](#),<sup>14</sup> according to the U.S. Census Bureau.
- **Latinos comprised 21.4% (or 3 million) of California voters in the 2008 elections, and Asians 9.7% (or 1.3 million)**, according to the [U.S. Census Bureau](#).<sup>15</sup> The number of Latino

and Asian voters is one million more than the margin of victory ([3.3 million votes](#)) by which Barack Obama defeated John McCain.<sup>16</sup>

- In California, **nearly nine-in-ten (or 89% of) children in immigrant families were U.S. citizens** in [2007](#),<sup>17</sup> according to the Center for Social and Demographic Analysis at the University of Albany.

*Immigrant workers, entrepreneurs, and taxpayers are integral to California's economy.*

- **"Immigrants comprise more than one-third of the California labor force.** They figure prominently in key economic sectors such as agriculture, manufacturing and services. Immigrants provide leadership and labor for the expansion of California's growing economic sectors—from telecommunications and information technology to health services and housing construction," according to the [California Immigrant Policy Center](#).<sup>18</sup>
- Immigrants in California [pay](#) roughly **\$30 billion in federal taxes, \$5.2 billion in state income taxes, and \$4.6 billion in sales taxes** each year. In California, "the average immigrant-headed household contributes a net \$2,679 annually to Social Security, which is \$539 more than the average US-born household."<sup>19</sup>
- Immigrants accounted for **34% of total economic output in the Los Angeles metropolitan area, 29% in the San Francisco metropolitan area, 25% in the Riverside metropolitan area, and 23% in the San Diego metropolitan area** in 2007, according to a study by the [Fiscal Policy Institute](#).<sup>20</sup> In fact, "immigrants contribute to the economy in direct relation to their share of the population. The economy of metro areas grows in tandem with the immigrant share of the labor force."<sup>21</sup>
- Unauthorized immigrants comprised **9.9% of the California's workforce** in [2008](#) (or 1.9 million workers), according to a report by the Pew Hispanic Center.<sup>22</sup>
- If all unauthorized immigrants were removed from California, **the state would lose \$164.2 billion in economic activity, \$72.9 billion in gross state product, and approximately 717,352 jobs**, even accounting for adequate market adjustment time, according to a report by the [Perryman Group](#).<sup>23</sup>

*Immigrant, Latino, and Asian entrepreneurs and consumers add hundreds of billions of dollars and a more than a million jobs to California's economy.*

- **The 2009 purchasing power of California's Latinos totaled \$252.7 billion—an increase of 263.8% since 1990. Asian buying power totaled \$162.6 billion—an increase of 271.4% since 1990**, according to the [Selig Center for Economic Growth](#) at the University of Georgia.<sup>24</sup>
- California's 427,678 [Latino-owned](#) businesses had sales and receipts of \$57.2 billion and employed 445,820 people in 2002, the last year for which data is available.<sup>25</sup> The state's 371,530 [Asian-owned](#) businesses had sales and receipts of \$125.8 billion and employed 745,874 people.<sup>26</sup> Together, **businesses owned by Latinos and Asians comprised more than one-quarter of all businesses in the state**, according to the U.S. Census Bureau's 2002 Survey of Business Owners.<sup>27</sup>

*Most native-born Californians have experienced wage gains from immigration.*

- “During 1990–2004, **immigration induced a 4 percent real wage increase for the average native worker**,” according to a [2007 study](#) by economist Giovanni Peri of the University of California, Davis.<sup>28</sup>
- The [reason](#) for wage increases is that “**immigrant workers often serve as complements to native workers rather than as their direct competitors for jobs**, thereby increasing total economic output. Native workers benefit because they are able to specialize in more productive work.”<sup>29</sup>

*California’s immigrants move up the socioeconomic ladder over time—learning English, buying homes, and escaping poverty.*

- A [study](#) by demographer Dowell Myers of the University of Southern California found that:<sup>30</sup>
  - The share of California’s foreign-born Latinos who reported being proficient in English as of 2000 rose from 33.4% of those who had been in the United States for less than 10 years to 73.5% among those who had been here for 30 years or longer.
  - The share of **foreign-born Latinos in California who owned their own homes as of 2005 rose** from 16.4% of those who had been in the United States for less than 10 years to 64.6% among those who had lived here for 30 years or more.
  - The share of California’s **foreign-born Latinos who lived below the poverty line as of 2005 dropped** from 28.7% of those who had been in the United States for less than 10 years to 11.8% among those who had been here for 30 years or more.
- The share of immigrants in Los Angeles County who owned their own homes as of 2005-06 rose from 14.8% of those who had come to the United States within the previous 10 years to 63.4% of those who had lived here for more than 30 years—compared to a homeownership rate of 54.2% among the native-born, according to a [study](#) by Manuel Pastor and Rhonda Ortiz at the University of Southern California.<sup>31</sup>

*Immigrants are integral to California’s economy as students.*

- California’s 93,124 **foreign students contributed \$2.8 billion** to the state’s economy in tuition, fees, and living expenses for the 2008-2009 academic year, according to [NAFSA: Association of International Educators](#).<sup>32</sup>

*Naturalized citizens excel educationally.*

- In California, **32.0% of foreign-born persons** who were naturalized U.S. citizens in [2008 had a bachelor’s or higher degree](#), compared to 17.9% of noncitizens. At the same time, only 25.6% of naturalized citizens lacked a high-school diploma, compared to 49.7% of noncitizens.<sup>33</sup>
- The number of immigrants in California with a college degree **increased by 39.8%** between 2000 and 2008, according to [data](#) from the Migration Policy Institute.<sup>34</sup>

- In California, **76.3% of all children** between the ages of 5 and 17 in families that spoke a language other than English at home also spoke English “very well” as of [2008](#).<sup>35</sup>

## Endnotes

<sup>1</sup> U.S. Census Bureau, [The Foreign-Born Population: 2000](#), December 2003.

<sup>2</sup> Ibid.

<sup>3</sup> 2008 American Community Survey (1-Year Estimates).

<sup>4</sup> Ibid.

<sup>5</sup> Ibid.

<sup>6</sup> Ibid.

<sup>7</sup> U.S. Census Bureau, [The Foreign-Born Population: 2000](#), December 2003.

<sup>8</sup> Rob Paral and Associates, [The New American Electorate: The Growing Political Power of Immigrants and Their Children](#) (Washington, DC: Immigration Policy Center, American Immigration Law Foundation, October 2008).

<sup>9</sup> U.S. Census Bureau, [The Hispanic Population: 2000](#), May 2001.

<sup>10</sup> Ibid.

<sup>11</sup> 2008 American Community Survey (1-Year Estimates).

<sup>12</sup> U.S. Census Bureau, [The Asian Population: 2000](#), February 2002.

<sup>13</sup> Ibid.

<sup>14</sup> 2008 American Community Survey (1-Year Estimates).

<sup>15</sup> 2008 Current Population Survey, [Table 4b: Reported Voting and Registration of the Voting-Age Population, by Sex, Race and Hispanic Origin, for States: November 2008](#).

<sup>16</sup> U.S. Electoral College, [2008 Presidential Election: Popular Vote Totals](#).

<sup>17</sup> Center for Social and Demographic Analysis, [Children in Immigrant Families in California](#) (Albany, NY: University of Albany, SUNY, September 2009).

<sup>18</sup> California Immigrant Policy Center, [Looking Forward: Immigrant Contributions to the Golden State/A Compilation of Recent Research Findings on Immigrants in California](#) (Sacramento, CA: January 2008).

<sup>19</sup> Ibid.

<sup>20</sup> David Dyssegaard Kallick, [Immigrants in the Economy: Contribution of Immigrant Workers to the Country's 25 Largest Metropolitan Areas](#) (New York, NY: Fiscal Policy Institute, December 2009), p. 11.

<sup>21</sup> Ibid., p. 1.

<sup>22</sup> Jeffrey S. Passel and D’Vera Cohn, [A Portrait of Unauthorized Immigrants in the United States](#) (Washington, DC: Pew Hispanic Center, April 14, 2009).

<sup>23</sup> The Perryman Group, [An Essential Resource: An Analysis of the Economic Impact of Undocumented Workers on Business Activity in the US with Estimated Effects by State and by Industry](#) (Waco, TX: April 2008).

<sup>24</sup> Jeffrey M. Humphreys, [The Multicultural Economy 2009](#) (Athens, GA: Selig Center for Economic Growth, University of Georgia, 2009).

<sup>25</sup> U.S. Census Bureau, [Hispanic-Owned Firms: 2002](#), August 2006.

<sup>26</sup> U.S. Census Bureau, [Asian-Owned Firms: 2002](#), August 2006.

<sup>27</sup> U.S. Census Bureau, [2002 Survey of Business Owners](#).

<sup>28</sup> Giovanni Peri, [How Immigrants Effect California Employment and Wages](#) (San Francisco, CA: Public Policy Institute of California, February 2007).

<sup>29</sup> Ibid.

<sup>30</sup> Dowell Myers, [Thinking Ahead About Our Immigrant Future: New Trends and Mutual Benefits in Our Aging Society](#) (Washington, DC: Immigration Policy Center, American Immigration Law Foundation, January 2008).

<sup>31</sup> Manuel Pastor and Rhonda Ortiz, [Immigrant Integration in Los Angeles: Strategic Directions for Funders](#) (Los Angeles, CA: Program for Environmental and Regional Equity & Center for the Study of Immigrant Integration, University of Southern California: January 2009).

<sup>32</sup> NAFSA: Association of International Educators, [The Economic Benefits of International Education to the United States for the 2008-2009 Academic Year: A Statistical Analysis](#) (Washington, DC: NAFSA: Association of International Educators, 2009).

<sup>33</sup> Migration Policy Institute Data Hub, [California: Language & Education](#).

<sup>34</sup> Ibid.

<sup>35</sup> Ibid.