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NEW AMERICANS IN CALIFORNIA: The Economic Power of Immigrants, Latinos, and Asians in the Golden State

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 quarter of Californians are immigrants (foreign-born), and more than 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.

More than one quarter of Californians are immigrants.

- **The foreign-born share** of California’s population rose from 21.7% in 1990,¹ to 26.2% in 2000,² to 26.9% in 2013,³ according to the U.S. Census Bureau. California was home to 10.3 million immigrants in 2013,⁴ which is greater than the total population of Michigan.⁵
- **48.6% of immigrants (or 5 million people) in California were naturalized U.S. citizens in 2013**⁶ (up from 31.2% in 1990)⁷—meaning that they are eligible to vote.
- Unauthorized immigrants comprised roughly **6.3% of the state’s population** (or 2.5 million people) in 2012, according to a report by the Pew Research Center.⁸
- **30.7% (or 4.7 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 2012 Census Bureau data by the American Immigration Council.⁹

More than half of Californians are Latino or Asian—and they vote.

- **The Latino share of California’s population** grew from 25.8% in 1990,¹⁰ to 32.4% in 2000,¹¹ to 38.4% (or 14.7 million people) in 2013.¹² **The Asian share of the population** grew from 9.2% in 1990,¹³ to 10.9% in 2000,¹⁴ to 13.6% (or 5.2 million people) in 2013,¹⁵ according to the U.S. Census Bureau.
- **Latinos comprised 23.5% (or 3.2 million) of California voters in the 2012 elections, and Asians 10.3% (or 1.4 million)**, according to the U.S. Census Bureau.¹⁶ The number of

Latino and Asian voters is 1.6 million more than the margin of victory (3 million votes) by which Barack Obama defeated Mitt Romney.¹⁷

- In California, **90.4% of children with immigrant parents were U.S. citizens** in 2009, according to data from the Urban Institute.¹⁸
- In 2009, **90.6% of children in Asian families** in California were U.S. citizens, as were **93.3% of children in Latino families**.¹⁹

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

- Immigrants comprised **33.9% of the state's workforce** in 2013 (or 6.5 million workers), according to the U.S. Census Bureau.²⁰
- **"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.²¹
- 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."²²
- Latinos in California paid **\$34.1 billion in federal taxes and \$17.4 billion in state/local taxes in 2013**, according to the Partnership for a New American Economy. In particular, foreign-born Latinos paid \$15.6 billion in federal taxes and \$8.8 billion in state/local taxes.²³
 - The federal tax contribution of California's Latino population included **\$26.4 billion to Social Security and \$6.2 billion to Medicare in 2013**. Foreign-born Latinos contributed \$13.2 billion to Social Security and \$3.1 billion to Medicare that year.²⁴
- 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.²⁵
- In Los Angeles, **if eligible immigrants were to complete the naturalization process and become U.S. citizens, their increased earnings would add between \$1.6 and \$2.8 billion to the local economy**, according to the Center for the Study of Immigrant Integration at the University of Southern California.²⁶ Taking into account a modest multiplier effect, **these increased earnings would lead to additional economic activity—or GDP—of \$1.9 to \$3.3 billion over 10 years**. Furthermore, the increased income would generate additional local and state tax revenues (sales, property, and income) of \$180 to \$320 million over 10 years.²⁷
- Unauthorized immigrants comprised **9.4% of California's workforce** in 2012 (or 1.8 million workers), according to a report by the Pew Research Center.²⁸

- If all unauthorized immigrants were removed from California, **the state would lose \$301.6 billion in economic activity, total employment would decrease by 17.4%, and 3.6 million jobs would be eliminated**, according to a study by Dr. Raul Hinojosa-Ojeda and Marshall Fitz.²⁹ If unauthorized immigrants in California were legalized, it would add **633,000 jobs to the economy, increase labor income by \$26.9 billion, and increase tax revenues by \$5.3 billion.**³⁰

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

- **The 2014 purchasing power of California's Latinos totaled \$320 billion**—an increase of 367% since 1990. **Asian buying power totaled \$250.3 billion**—an increase of 479% since 1990, according to the Selig Center for Economic Growth at the University of Georgia.³¹
- Immigration boosts housing values in communities. From 2000 to 2010, according to the Americas Society/Council of the Americas, the value added by immigration to the price of the average home was \$20,673 in Riverside County, \$13,222 in San Bernardino County, \$3,292 in Los Angeles County, \$6,164 in Orange County, \$10,699 in San Diego County, \$8,155 in Santa Clara County, \$7,283 in Alameda County, \$8,883 in Sacramento County, \$7,125 in Contra Costa County, \$3,338 in Fresno County, \$3,375 in Ventura County, and \$5,472 in San Joaquin County.³²
- California's 566,573 **Latino-owned businesses had sales and receipts of \$80.3 billion and employed 458,922 people** in 2007, the last year for which data is available.³³ The state's 508,969 **Asian-owned businesses had sales and receipts of \$181.3 billion and employed 905,957 people.**³⁴ 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 2007 Survey of Business Owners.³⁵
- From 2006 to 2010, there were 676,537 new immigrant business owners in California, and new immigrant business owners had total net business income of \$34.3 billion (28.1% of all net business income in the state), according to Robert Fairlie of the University of California, Santa Cruz.³⁶
- From 2007 to 2011, immigrants in California founded around 45 percent of all new businesses in the state, while 36.6 percent of the state's business owners in 2011 were immigrants, according to the Partnership for a New American Economy.³⁷
- Several California metropolitan areas have relatively high levels of immigrant business ownership. In 2010, of the California metro areas among the 25 largest U.S. metropolitan areas by total population, the foreign-born share of business owners was 44 percent in Los Angeles (second only to Miami), 35 percent in San Francisco, 31 percent in Riverside, 32 percent in San Diego, and 18 percent in Sacramento, according to the Fiscal Policy Institute.³⁸
- Immigrants also contribute to California's economy by earning patents on new research, products, and ideas. In 2011, 76 percent of patents from the University of California system, and 80 percent from the California Institute of Technology, had at least one foreign-born inventor. These patents amount to \$104.4 million in University of California system licensing and royalty revenues and \$51.6 million for the California Institute of Technology, according to the Partnership for a New American Economy.³⁹

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.⁴⁰
- 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.”⁴¹

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:⁴²
 - 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 2005-2006 **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.⁴³

Unauthorized immigrants pay taxes.

- Unauthorized immigrants in California paid **\$2.2 billion** in state and local taxes in 2010, including \$1.8 billion in sales taxes, \$152.1 million in state income taxes, and \$302.8 million in property taxes, according to data from the Institute for Taxation and Economic Policy.⁴⁴
- Were unauthorized immigrants in California to have legal status, they would pay over **\$2.6 billion in state and local taxes**, including \$1.9 billion in sales taxes, \$384.3 million in state income taxes, and \$320.1 million in property taxes.⁴⁵

Immigrants are integral to California’s economy as students.

- California’s 121,647 **foreign students contributed \$4.1 billion** to the state’s economy in tuition, fees, and living expenses for the 2013-2014 academic year, which supported 47,702 jobs, according to NAFSA: Association of International Educators.⁴⁶

- Foreign students contribute to California’s metropolitan areas. From 2008 to 2012, according to the Brookings Institution, 68,271 foreign students paid \$1.52 billion in tuition and \$1.05 billion in living costs in the Los Angeles-Long Beach-Santa Ana metropolitan area.⁴⁷ In the San Diego-Carlsbad-San Marcos metro area, 14,004 foreign students paid \$274 million in tuition and \$207 million in living costs. In the San Francisco-Oakland-Fremont metro area, 37,610 foreign students paid \$780 million in tuition and \$535 million in living costs. In the San Jose-Sunnyvale-Santa Clara metro area, 19,015 foreign students paid \$367 million in tuition and \$253 million in living costs.
- Foreign students also contribute to innovation in California. In 2009, “non-resident aliens” comprised 38 percent of master’s degrees and 36.7 percent of doctorate degrees in science, technology, engineering, and mathematics (STEM) fields, according to the Partnership for a New American Economy.⁴⁸

Naturalized citizens excel educationally.

- In California, **33.2% of foreign-born persons** who were naturalized U.S. citizens in 2011 had a bachelor’s or higher degree, compared to 17.4% of noncitizens. At the same time, only 24.9% of naturalized citizens lacked a high-school diploma, compared to 48.9% of noncitizens.⁴⁹
- The number of immigrants in California with a college degree **increased by 51%** between 2000 and 2011, according to data from the Migration Policy Institute.⁵⁰
- In California, **81% of children with immigrant parents** were considered “English proficient” as of 2009, according to data from the Urban Institute.⁵¹
- The English proficiency rate among **Asian children in California was 86.4%**, while for **Latino children it was 83%**, as of 2009.⁵²

Endnotes

¹ U.S. Census Bureau, The Foreign-Born Population: 2000, December 2003.

² Ibid.

³ 2013 American Community Survey (1-Year Estimates).

⁴ Ibid.

⁵ Ibid.

⁶ Ibid.

⁷ U.S. Census Bureau, The Foreign-Born Population: 2000, December 2003.

⁸ Jeffrey S. Passel, D’Vera Cohn, and Molly Rohal, Unauthorized Immigrant Totals Rise in 7 States, Fall in 14 (Washington, DC: Pew Research Center’s Hispanic Trends Project, November 18, 2014), p. 29.

⁹ Walter A. Ewing and Guillermo Cantor, New Americans in the Voting Booth: The Growing Electoral Power of Immigrant Communities (Washington, DC: American Immigration Council, October 2014), p. 25.

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¹² 2013 American Community Survey (1-Year Estimates).

¹³ U.S. Census Bureau, The Asian Population: 2000, February 2002.

¹⁴ Ibid.

¹⁵ 2013 American Community Survey (1-Year Estimates).

¹⁶ U.S. Census Bureau, Voting and Registration in the Election of November 2012 - Detailed Tables: Table 4b. Reported Voting and Registration by Sex, Race and Hispanic Origin, for States: November 2012.

¹⁷ U.S. Electoral College, 2012 Presidential Election: Popular Vote Totals.

¹⁸ The Urban Institute, data from the Integrated Public Use Microdata Series datasets drawn from the 2005 - 2009 American Community Survey.

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- ³⁴ Ibid.
- ³⁵ Ibid.
- ³⁶ Robert W. Fairlie, *Open for Business: How Immigrants are Driving Small Business Creation in the United States* (New York, NY: Partnership for a New American Economy, 2012), p. 32.
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