

HOUSTON'S **ECONOMIC** FUTURE:
IMMIGRATION

A REPORT ON THE REGIONAL EFFECT OF IMMIGRATION

WE NEED IMMIGRANTS TO MEET HOUSTON'S DEMAND FOR WORKERS

ANNUAL GROWTH RATE FOR WORKERS*

DOCUMENTED

4.9%

UNDOCUMENTED

0.4%

NATIVE

1.6%

* Data from 2007-2016

IN 2016

IMMIGRANTS WERE



BUT HELD



39% OF ALL FOREIGN-BORN RESIDENTS WERE NATURALIZED CITIZENS

HOUSTON RANKED

50th

OUT OF THE NATION'S 100 LARGEST CITIES FOR INTEGRATING IMMIGRANTS

FOREIGN-BORN SHARE OF HIGH-SKILLED WORKFORCE



34% STEM



42% DOCTORS



43% SCIENTISTS



42% PETROLEUM ENGINEERS

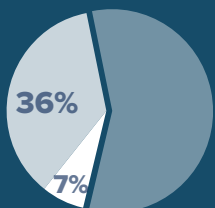
BY 2036**

IMMIGRANTS WILL HOLD

43%

OF THE REGION'S JOBS

■ DOCUMENTED
■ UNDOCUMENTED



57%

OF NEW JOBS CREATED (SINCE 2016) WILL BE FILLED BY IMMIGRANTS*



2 OUT OF 5 OF THE REGION'S JOBS WILL BE HELD BY IMMIGRANTS

RISING FROM ▲ 29% ▲ TO 43%

** CHF Projections

IF WE WERE TO

RESTRICT ALL IMMIGRATION BY
30%

\$51
BILLION
LOSS IN GDP

DEPORT ALL UNDOCUMENTED IMMIGRANTS

\$36
BILLION
LOSS IN GDP

EXECUTIVE SUMMARY

Professor Stephen Klineberg's insight about the remarkable shift that transformed Houston over the past half-century from a primarily homogeneous city into a region with striking racial and ethnic diversity is demonstrated by comparing the 1970 census with the census data from 2017.

In 1970, Harris County's 1.7 million residents were 69 percent Anglo (non-Hispanic white), 20 percent African American, 10 percent Hispanic and 1 percent Asian.

Due largely to both domestic and international migration, Harris County grew at an annual rate of 2.2 percent since 1970 to include more than 4.6 million residents by 2017. These newcomers helped transform our community into a region that is majority minority. In 2017, the county was 43 percent Hispanic, 20 percent African American and 7 percent Asian.

The Anglo share of the population dropped by half to just 30 percent.

This report seeks to create a springboard for a community-wide discussion on how we can become a region where immigration is broadly seen as an economic asset.

Looking forward, virtually no other region of the country will be affected by immigration more than Houston. Assuming that immigration to the region continues at its current pace, Houston's foreign-born population will almost double in the next 20 years. Immigration and the integration of immigrants has become and will continue to be increasingly important to our region's future.

Given these significant demographic trends, this report elaborates on how Houston's economic growth is intertwined with its demography. We discuss how immigration has historically fueled the region's economy and why it will be key to our economic future.

For decades, population growth in Houston has been significantly driven by immigrants and their children. Looking forward to Houston's 200th anniversary in 2036, we developed an economic forecasting tool to analyze how changes in immigration would affect the region's economic growth in that year. Our main conclusions are the following:

- Houston's economic future is critically dependent on continued immigration. Immigrants already comprise nearly one-third of the region's workforce. We calculate that with employment growth among native citizens below 2 percent, Houston will need foreign immigration to continue expanding economically.
- The construction and service industries are particularly dependent on immigrant labor today, but other sectors such as health care and IT will increasingly rely on immigrants to meet growing labor demands.
- Curtailing immigration would significantly depress economic growth. Cutting the historic rate of foreign migration to Houston by 30 percent would result in a \$51 billion loss in regional economic output by 2036.

In addition to the forecasting model, this report contains four other main sections.

FEDERAL POLICY:

Given the public debate over immigration, we provide a simple framework for understanding our immigration system and how these policies shaped Houston. We seek to complement the work of our media partner, Rational Middle, which is producing fact-based films to educate the community on our current immigration system and possible paths toward reform. These videos are available at rationalmiddle.com.

HOUSTON IMMIGRATION PROFILE:

A snapshot of our region's immigrant population illustrates the evolving role that both high-skilled and lower-skilled immigrants play in our economy.

Many immigrants in our state and in our region historically came from Mexico seeking work and often started out in agricultural, construction or service-sector jobs. More recently, the composition of our immigrant population has been changing. As Houston shifts from a resource-based to a knowledge-based economy, the immigrants arriving now are increasingly high-skilled and from across the globe.

Although there are no firm numbers of undocumented immigrants, we estimate that the more than 586,000 undocumented immigrants in the region constitute around 9 percent of all employed workers. Our analysis shows that these undocumented workers have a significant positive effect on our region's economy. However, the rate of growth for undocumented workers in Houston is decreasing and we expect that trend to continue.

LOCAL POLICY/COMPARISON:

The report discusses how we as a community can create local policies to make the region more welcoming to immigrants. In order for our economy to continue to grow, Houston must remain a magnet for newcomers as we seek to compete with other cities across the U.S. such as Los Angeles, Dallas and Chicago.

We outline some policies and programs to better include immigrants in the civic, social, and economic fabric of Houston. Then, using data from our partner New American Economy, we benchmark ourselves against other communities.

INDUSTRY ROUNDTABLES:

We summarize findings from focus groups with regional leaders who identified immigration-related challenges their respective industries face, as well as opportunities to support immigrants and foster broader inclusion. This work sought to understand the workforce needs of Houston employers, the role immigrants play in various sectors of our economy, and what we can do as a community to address needs of employers and immigrant workers.

CONCLUSION:

We close our report with the personal success story of Chef Hugo Ortega, who came to Houston as an undocumented immigrant and became an international culinary superstar. Chef Ortega's story shows what immigrants with drive, luck, talent and creativity can create and why immigrants are key to our economic future.

In sum, this report seeks to create a springboard for a community-wide discussion on how we can become a region where immigration is seen broadly as an economic asset.

We hope this report will have implications beyond our city and our region. As Professor Klineberg has suggested, Houston can become a model for the country. How we handle our transformation could set an example for other cities and regions facing similar demographic shifts.