The Contributions of New Americans in South Dakota
The Contributions of New Americans in South Dakota

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While today only 2.7 percent of South Dakota’s residents are foreign-born, the state has begun attracting more immigrants in recent years. As recently as 1990, only 1.1 percent of South Dakota’s population was made up of immigrants. By 2010, that share had more than doubled, reaching 2.6 percent. Between 2010 and 2014, South Dakota’s foreign-born population increased by an additional 2,000 people. Although that number sounds small on its face, it actually represents a meaningful increase to this sparsely populated state. Between 2010 and 2014, the number of immigrants living in South Dakota increased by 9.4 percent—a far greater rate than the jump in the number of immigrants living in the United States more broadly.

Despite this influx of immigrants, however, South Dakota has still experienced far slower growth in its foreign-born population in percentage terms than other nearby states like Montana and North Dakota. Attracting young immigrants will be important to this state in the coming years. Already, many employers, particularly those in fields such as steel production and advanced manufacturing, are experiencing major workforce shortages in technical fields. The more than 23,000 immigrants in South Dakota today are already playing a vital role filling workforce gaps. These new Americans serve as everything from meatpackers to college professors, making them critical contributors to South Dakota’s overall economic success.

### Demographics

- **23,182** South Dakota residents were born abroad.
- **2,000** people immigrated to South Dakota between 2010 and 2014.

| Share of South Dakota residents born abroad: 3% |
| Share of U.S. residents born abroad: 13% |
| Growth in immigrant population, U.S.: 5.8% |
| Growth in immigrant population, SD: 9.4% |
Given that the act of picking up and moving to another country is inherently brave and risky, it should come as little surprise that immigrants have repeatedly been found to be more entrepreneurial than the U.S. population as a whole. According to The Kauffman Foundation, a nonprofit group that studies entrepreneurship, immigrants were almost twice as likely to start a new business in 2015 than the native-born population.

The companies they founded ranged from small businesses on Main Street to large firms responsible for thousands of American jobs. Recent studies, for instance, have indicated that immigrants own more than half of the grocery stores in America and 48 percent of nail salons. Foreign-born entrepreneurs are also behind 51 percent of our country’s billion dollar startups, and more than 40 percent of Fortune 500 firms.

In 2010, roughly one in 10 American workers with jobs at private firms were employed at immigrant-founded companies. The super-charged entrepreneurial activity of immigrants provides real and meaningful benefits to everyday Americans. In 2010, roughly one in 10 American workers with jobs at private firms were employed at immigrant-founded companies. Such businesses also generated more than $775 billion in annual business revenue that year. South Dakota is currently home to almost 900 foreign-born entrepreneurs. Such business owners are creating real and meaningful economic opportunities to local, U.S.-born workers. Their firms generated $7.1 million in
business income in 2014. South Dakota firms with at least one immigrant owner also provided jobs to roughly 12,000 Americans in 2007.*

Currently, there is no visa to come to America, start a company, and create jobs for U.S. workers—even if an entrepreneur already has a business plan and has raised hundreds of thousands of dollars to support his or her idea. Trying to exploit that flaw in our system, countries around the world—from Canada to Singapore, Australia to Chile—have enacted startup visas, often with the explicit purpose of luring away entrepreneurs who want to build a U.S. business but cannot get a visa to do so. Here in the United States, many individuals have gone to great lengths to circumnavigate the visa hurdles. Many entrepreneurs sell a majority stake in their company and then apply for a visa as a high-skilled worker, rather than the owner of their firm. And a few enterprising venture capitalists, led by Jeff Bussgang in Boston and Brad Feld in Colorado, have launched programs that bring over foreign-born entrepreneurs to serve as “entrepreneurs in residence” at colleges and universities. Because nonprofit academic institutions are exempt from the H-1B cap, such entrepreneurs can secure their visas by working as mentors at a school and then build their startups in their free time.

These innovative programs, which are currently available at 13 colleges and universities across the country, are already resulting in meaningful economic contributions. As of mid-2016, 23 entrepreneurs had secured visas through these programs nationally. The companies they founded had created 261 jobs and raised more than $100 million in funding.*
South Dakota has an enviable problem, at least for workers: the state has a consistently low unemployment rate, typically about half the national average. This spring it dropped to 2.5 percent, the lowest unemployment rate in the country. For businesses, however -- which are drawn to the state for its friendly tax policies and low utility costs -- the view translates into one of worker scarcity. And it poses a critical problem: Who will staff their hotels and restaurants? Who will make the products they manufacture?

This is the dilemma David Giovannini faced when he arrived in Aberdeen, South Dakota, in 2010 to run a new plant for Molded Fiber Glass, an Ohio-based manufacturer of composite material systems and processes. The Aberdeen facility makes blades for wind turbines. Given the rapidly expanding wind-energy market, the firm was perfectly poised for expansion -- if not for this one problem.

"South Dakota is a great place for companies to be, but the available workforce has been a little bit of an issue for us," Giovannini says. "So for us to be able to handle our business levels we had to look at alternatives."

"South Dakota is a great place for companies to be, but the available workforce has been a little bit of an issue for us," Giovannini says.

Fortunately, Giovannini had a good place to look. Ninety miles away, in Huron, South Dakota, a hiring manager at a turkey processing plant had taken an innovative approach to finding labor. Frustrated with the diminishing number of Latino immigrant workers holding legal work documents—and unable to rely on American-born workers to apply for the grueling jobs—Mark “Smoky” Heuston of Dakota Provisions had decided to recruit refugees, traveling 300 miles to do so.

"Refugee workers have been critical to our success as a company," Giovannini says.

Heuston had gone to St. Paul, Minnesota, to meet Hmong, a Christian minority group subjected to religious persecution in Southeast Asia. He ended up meeting some other refugees, members of the Karen people from Myanmar (Burma), an ethnic minority persecuted and interned by a military dictatorship. He offered several of the Karens jobs, and more followed, from communities around the country. “They came here just as fast as we could possibly hire them,” he told a writer for the FedGazette, a publication of the Minneapolis Fed.

Giovannini liked what he saw, gained an introduction to Karen community leaders, and slowly started hiring them. That was in 2011, when his Aberdeen plant employed 150 people. Today it employs 600 people, half of whom are American-born. “If we had not been able to tap into that reservoir of people, we would have had difficulty,” he says. “Quite frankly, the refugee workers have been critical to our success as a company.”

Molded Fiber Glass pays above-average wages and offers benefits that rank in the top quartile for the area. It gives employees tuition-assistance for related college coursework and pays its immigrant workers to take
English-language classes. In addition, human resources staff help refugees navigate life outside of work, assisting them in finding housing, cars, and doctors. They also help them read bills or school forms.

The investment has been well worth it, the company says. Production has more than tripled, and the town has benefited from the influx of young workers and families. With an aging population and young people increasingly moving to urban areas, South Dakota as a whole has been struggling economically. “The refugees have begun to meld into the community, so it’s also an economic boom for Aberdeen,” Giovannini says.

And where the company once had to heavily recruit for labor, it now merely continues to treat workers well and lets word-of-mouth take over. Refugees have traveled from as far as Texas, Alaska, and Georgia to apply for jobs. “We still advertise, but not to the extent that we used to do it,” Giovannini says.

Four years ago, a car pulled up from North Carolina with six Karen refugees and all their worldly possessions inside. “They said, ‘Friends of ours work here and they said it’s a good place to work,’ ” Giovannini recalls. Like the other refugee workers, they all had legal U.S. resident status and passed a drug test. “We got jobs for all of them.”

Like many first-generation Americans, they’re here to do a job, make some money, and make things better for their children,” Giovannini says. “I can relate to it because my grandparents came over from Europe.”

“The productivity has been very good. Like many first-generation Americans, they’re here to do a job, make some money, and make things better for their children,” Giovannini says. “I can relate to it because my grandparents came over from Europe, and I can still remember what they did to make things go well for their kids. It’s interesting to see the same philosophy exist.”
Immigrants in South Dakota play an important role, contributing to the state as both taxpayers and consumers. In 2014, immigrant-led households in South Dakota earned $429.7 million dollars—or 1.9 percent of all income earned by South Dakotans that year. With those earnings, the state’s foreign-born households were able to contribute more than one in every 42 dollars paid by South Dakota residents in state and local tax revenues, payments that support important public services such as public schools and police. Through their individual wage contributions, immigrants also paid almost $60 million into Social Security and Medicare programs that year.

By spending the money they earn at businesses such as hair salons, grocery stores, and coffee shops, immigrants also support small business owners and job creation in the communities where they live. In South Dakota, immigrants held $339.1 million in spending power in 2014, defined in this brief as the net income available to a family after paying federal, state, and local taxes. We highlight the spending power and tax contributions of several subsets of South Dakota’s foreign-born population below, including Hispanics and immigrants from Northern Africa or the Middle East.

### Income and Tax Contributions of Key Groups within South Dakota’s Immigrant Population, 2014

<table>
<thead>
<tr>
<th>Group</th>
<th>Total Income in 2014</th>
<th>Total Amount Paid in Taxes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asian</td>
<td>$87.4M</td>
<td>$17.6M</td>
</tr>
<tr>
<td>Hispanic</td>
<td>$108.5M</td>
<td>$24.7M</td>
</tr>
<tr>
<td>Middle Eastern &amp; North African</td>
<td>$12.7M</td>
<td>$3.2M</td>
</tr>
<tr>
<td>Sub-Saharan African</td>
<td>$74.1M</td>
<td>$13.1M</td>
</tr>
</tbody>
</table>
In 2014, immigrants in South Dakota earned $429.7M.

$32.6M—Went to state and local taxes...

$58.0M—Went to federal taxes...

Leaving them with $339.1M in remaining spending power.

ENTITLEMENT CONTRIBUTIONS

South Dakota's immigrants also contribute to our country’s entitlement programs. In 2014, through taxes on their individual wages, immigrants contributed $11.3M to Medicare and $48.2M to Social Security.
The Role of Immigrants in the Broader Workforce

People who come to the United States often come here to work. Because of that, they frequently have skills that make them a good fit for our labor force—and a strong complement to American workers already here. In the country as a whole, immigrants are much more likely to be working-age than the U.S.-born. They also have a notably different educational profile. The vast majority of Americans—more than 79 percent of the U.S.-born population—fall into the middle of the education spectrum by holding a high school or bachelor’s degree. Immigrants, by contrast, are more likely to gravitate toward either end of the skill spectrum. They are more likely to lack a high school diploma than the native born but also more likely to have an advanced degree. This makes them good candidates for labor-intensive positions, such as housekeeping, that many more educated U.S.-born workers are less interested in pursuing, as well as high-level positions that allow innovation-driven firms to expand and add jobs for Americans at all skill levels.

In South Dakota, nearly 67% of the foreign-born population is working aged, compared to less than half of the native-born population.

Because they tended to be working-age, immigrants were 18% more likely to work than native-born South Dakotans.

They made up 3% of the employed population in South Dakota.

60.9% of immigrants of all ages worked in 2014.

51.5% of the native-born population worked.
high-school level. The foreign-born population is also more likely to be working age, which we define in this brief as ranging in age from 25 to 64. In South Dakota, 66.7 percent of the foreign-born population falls into that age band, while only 49.6 percent of the native-born population does. That 17.1-percentage point gap has major implications for the state’s workforce. In 2014, South Dakota’s immigrants were 18.3 percent more likely to be actively employed than the state’s native-born residents—a reality driven largely by the fact that a larger than average share of the native-born population had already reached retirement age.

The immigrants who are working in South Dakota contribute to a wide range of different industries in the state—many of which are growing and important parts of the local economy. Foreign-born residents make up 8.9 percent of the employees in the state’s colleges, universities, and professional schools. They also account for 47.4 percent of the state’s workers in animal slaughtering and processing, contributing to South Dakota’s sizeable beef industry, which generated $4.8 billion of direct, indirect, and induced economic output in the state in 2014 alone. Immigrants also frequently gravitate toward sectors where employers struggle to find enough interested U.S.-born workers. Immigrants in South Dakota, for instance, make up 8.5 percent of workers in services to buildings and dwellings, an industry that includes exterminators and office cleaning staff.

The more than 21,000 immigrants who were living in South Dakota in 2010 were responsible for creating or preserving almost 1,000 manufacturing jobs.

In recent decades, immigrants have also played an important role in South Dakota’s manufacturing industry, the state’s fourth-largest industry. Studies have found that the arrival of immigrants to a community can have a powerful impact on creating or preserving manufacturing jobs. This is because foreign-born workers give employers access to a large and relatively affordable pool of laborers, making it less attractive for firms to move work to cheaper locations offshore. One study by the Partnership for a New American Economy and the Americas Society/Council of the Americas, for instance, found that every time 1,000 immigrants arrive in a given U.S. county, 46 manufacturing jobs are preserved that otherwise would not exist or would have
The more than 21,000 immigrants who were living in the state in 2010 were responsible for creating or preserving almost 1,000 manufacturing jobs.

Aside from just looking at overarching industry groups, our work also examines the share of workers that are foreign-born in specific occupations and jobs. Immigrants in South Dakota, like the country as a whole, are often overrepresented in either high-skilled or particularly labor-intensive positions. While foreign-born workers make up just 3.2 percent of the state’s employed population, they account for 47.8 percent of butchers and fish processing workers. They also make up 40.4 percent of those working as industrial truck and tractor operators and 16.9 percent of postsecondary educators in the state.

### Industries with Largest Share of Foreign-Born Workers, 2014

<table>
<thead>
<tr>
<th>1</th>
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<tbody>
<tr>
<td><strong>Animal Slaughtering and Processing</strong></td>
</tr>
<tr>
<td><strong>3,371 immigrant workers</strong></td>
</tr>
<tr>
<td><strong>47%</strong> Share of workers who are immigrants</td>
</tr>
<tr>
<td><strong>7,114 total workers</strong></td>
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<th>2</th>
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<tbody>
<tr>
<td><strong>Religious Organizations</strong></td>
</tr>
<tr>
<td><strong>480 immigrant workers</strong></td>
</tr>
<tr>
<td><strong>11%</strong></td>
</tr>
<tr>
<td>4,441 total workers</td>
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<th>3</th>
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<tbody>
<tr>
<td><strong>Motor Vehicles and Motor Vehicle Equipment</strong></td>
</tr>
<tr>
<td><strong>285 immigrant workers</strong></td>
</tr>
<tr>
<td><strong>9%</strong></td>
</tr>
<tr>
<td><strong>3,041 total workers</strong></td>
</tr>
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<tr>
<th>4</th>
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<tbody>
<tr>
<td><strong>Colleges, Universities, and Professional Schools</strong></td>
</tr>
<tr>
<td><strong>824 immigrant workers</strong></td>
</tr>
<tr>
<td><strong>9%</strong></td>
</tr>
<tr>
<td><strong>9,215 total workers</strong></td>
</tr>
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<th>5</th>
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<tbody>
<tr>
<td><strong>Services to Buildings and Dwellings</strong></td>
</tr>
<tr>
<td><strong>375 immigrant workers</strong></td>
</tr>
<tr>
<td><strong>9%</strong></td>
</tr>
<tr>
<td><strong>4,430 total workers</strong></td>
</tr>
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The Contributions of New Americans in South Dakota | The Role of Immigrants in the Broader Workforce

OCCUPATIONS WITH LARGEST SHARE OF FOREIGN-BORN WORKERS, 2014

1. Butchers and Other Meat, Poultry, and Fish Processing Workers
   - 1,487 immigrant workers
   - 3,113 total workers
   - Share of workers who are immigrants: 48%

2. Industrial Truck and Tractor Operators
   - 620 immigrant workers
   - 1,533 total workers
   - Share of workers who are immigrants: 40%

3. First-Line Supervisors of Production and Operating Workers
   - 900 immigrant workers
   - 4,822 total workers
   - Share of workers who are immigrants: 19%

4. Shipping Receiving and Traffic Clerks
   - 259 immigrant workers
   - 1,498 total workers
   - Share of workers who are immigrants: 17%

5. Postsecondary Teachers
   - 691 immigrant workers
   - 4,099 total workers
   - Share of workers who are immigrants: 17%

6. Tellers
   - 212 immigrant workers
   - 1,431 total workers
   - Share of workers who are immigrants: 15%

7. Receptionists and Information Clerks
   - 448 immigrant workers
   - 3,923 total workers
   - Share of workers who are immigrants: 11%

8. Maids and Housekeeping Cleaners
   - 542 immigrant workers
   - 5,711 total workers
   - Share of workers who are immigrants: 10%

9. Word Processors and Typists
   - 122 immigrant workers
   - 1,501 total workers
   - Share of workers who are immigrants: 8%

10. Dishwashers
    - 159 immigrant workers
    - 1,968 total workers
    - Share of workers who are immigrants: 8%
In the early 2000s, South Dakota initiated a foreign recruitment campaign to bolster its declining dairy industry. The state took out ads in international dairy magazines, attended trade shows, and even had a Dutch immigrant pitch the state’s case abroad.

The state succeeded in convincing about two-dozen, mid-size family farms to relocate from overseas, in part by allowing them to purchase unlimited acreage -- many states restrict foreign land ownership --and by helping them apply for low-interest loans. “The purchase was fairly easy,” says Olga Reuvekamp, whose husband and three young children moved to Elkton, South Dakota, a small town on the Minnesota border, in 2006. The family, like many in this wave of immigrants, came from The Netherlands, a country with a rich history of family dairy farms but with little room to grow and government limits on milk production.

“Our attorneys had about a 5-foot stack of papers,” Reuvekamp says.

But even before they arrived, U.S. immigration policy proved difficult. The family waited 2 1/2 years in their home country for U.S. authorities to approve a conditional work permit, and then spent five years here submitting documents to U.S. authorities to prove they were farming the land as promised. “Our attorneys had about a 5-foot stack of papers,” she says. “It’s an incredibly expensive and time-consuming process. . . . There were other dairy farmers who spent $60,000 on visa and attorney fees and in the end had to leave.”

It’s somewhat surprising that a family planning to contribute as much to South Dakota as the Reuvekamps would face so many visa hurdles. The state estimates that each dairy cow in South Dakota adds $14,000 a year to the state’s economy. Since buying their 500-acre property, Hilltop Dairy, in 2006, the Reuvekamp family has already increased the number of milk cows they own by 40 percent, reaching 2,000 head in total. They also added 1,500 calves along with feed production. Their dairy hires local welders, electricians and others to assist with year-round maintenance on the equipment; hires additional local help during harvest; and provides milk to the nearby Bel Brands plant to be processed into Mini Babybel cheese.

Reuvekamp says her ambitions for the future of her farm, however, are currently being hampered by U.S. labor challenges. In recent months, Hilltop Dairy has
been short 24 workers. The Reuvekamps wanted to hire American-born South Dakotans, and made that an early focus of their recruiting. "But after all kinds of crazy attempts," Reuvekamp says, “We found there is just no interest in this industry, and these type of jobs, by unemployed Americans.” So the farm instead employs almost entirely immigrant dairy workers—a trend that has touched the dairy industry nationwide. According to the National Milk Producers Federation, in 2014 half of all U.S. dairy workers were immigrants, and losing those workers would nearly double retail milk prices, costing the U.S. economy more than $32 billion.

According to the National Milk Producers Federation, in 2014 half of all U.S. dairy workers were immigrants, and losing those workers would nearly double retail milk prices, costing the US economy more than $32B.

Finding a sufficient number of immigrant workers, however, has not been easy in recent years. U.S. farms growing fresh produce have access to the H-2A visa program to bring in temporary foreign workers. Although that program is cumbersome and difficult for many farms to navigate, it is not even open to our country’s dairy establishments: H-2As are only for seasonal labor, and dairy work is year round, leaving Reuvekamp to compete with other farms for the small pool of immigrants in South Dakota who already have temporary or permanent visas or citizenship.

Now South Dakota has a renewed push to double the state’s dairy herd, this time by attracting large-scale operations. But even industrial farms need labor.

“We’re all fishing from the same pond,” says Reuvekamp.
Between 2014 and 2024, science, technology, engineering, and math—or "STEM"—fields are projected to play a key role in U.S. economic growth, adding almost 800,000 new jobs and growing 37.0 percent faster than the U.S. economy as a whole.

Immigrants are already playing a huge part ensuring that South Dakota remains a leading innovator in STEM-related fields like precision manufacturing and electronics. Despite making up 2.7 percent of South Dakota’s population, immigrants represented 3.8 percent of all STEM workers in the state in 2014. Our outdated immigration system, however, makes it difficult for STEM employers to sponsor the high-skilled workers they need to fill critical positions. This is problematic because it can hinder firms from expanding and adding jobs for U.S.-born workers. It also makes little sense, given the country’s ongoing shortage of STEM talent—an issue that heavily impacts employers here. In 2014, 16.9 STEM jobs were advertised online in South Dakota for every one unemployed STEM worker in the state.

Despite making up only 2.7% of South Dakota's population, immigrants represented 3.8% of all STEM workers in the state in 2014.

Immigrants, however, are not just a crucial piece of South Dakota’s STEM workforce now—they are also likely to power it in the future. In 2014 students on temporary visas made up roughly one out of five students earning a STEM Master’s degree at South Dakota’s universities, and 52.5 percent of students earning a PhD-level degree in STEM. Even after America’s universities invest in their education, however, many of those students struggle to remain in the country after graduation. Creating visa pathways that would make it easier for them to stay would have a major economic benefit to South Dakota. A study by the Partnership for a New American Economy and
If half of South Dakota's 129 advanced level STEM grads on temporary visas stayed in the state after graduation...

169 jobs for U.S.-born workers would be created by 2021.

the American Enterprise Institute found that every time a state gains 100 foreign-born STEM workers with graduate-level STEM training from a U.S. school, 262 more jobs are created for U.S.-born workers there in the seven years that follow. For South Dakota, that means that retaining even half of the 129 graduates earning advanced-level STEM degrees in 2014 could result in the creation of nearly 170 new positions for U.S.-born workers by 2021. Although that is a relatively small number, many of these jobs would presumably be in high-paying STEM fields.
In the coming years, the American healthcare industry is projected to see incredibly rapid growth—adding more new positions from 2014 to 2024 than any other industry in our economy. Already, caregivers are facing near unprecedented levels of demand. Between 2013 and 2015, the number of Americans with health insurance rose by almost 17 million, opening the door for many patients to receive more regular care. The country’s 76.4 million baby boomers are also aging rapidly—at a major cost to our healthcare system. Studies have found that elderly Americans spend three times more on healthcare services than those of working age each year.

In South Dakota, a state where more than one out of every seven residents is currently elderly, finding enough healthcare workers remains a challenge—and one that will likely worsen in the future. Currently the state has 243 practicing physicians per 100,000 people—a figure that ranks it 37th in the country in terms of physician coverage relative to other states. All this comes on top of shortages already impacting the state across the entire healthcare workforce. In 2014, 31.2 healthcare jobs were listed online in South Dakota for every one unemployed healthcare worker in the state, a far higher number than in most states. As baby boomers age, a variety of other

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**SOUTH DAKOTA HAS A SHORTAGE OF HEALTHCARE WORKERS**

| Number of physicians per 100,000 people | 243 |
| Number of psychiatrists per 100,000 people | 13 |

The resulting ratio of open jobs to available workers was 31 to 1.
healthcare professions that cater largely to seniors, such as occupational therapists, will feel additional strain.

Currently South Dakota has 243 practicing physicians per 100,000 people—a figure that ranks it 37th in the country in terms of physician coverage relative to other states.

Immigrants are already playing a valuable role by helping South Dakota meet some of its healthcare workforce gaps. In 2016 more than one in six physicians in South Dakota graduated from a foreign medical school, a likely sign they were born elsewhere. That is a particularly large number, given that foreign-born individuals make up just 2.7 percent of the state’s population overall. Immigrant healthcare practitioners also made up 1.7 percent of the state’s nurses in 2014, as well as 4.6 percent of those working as nursing, psychiatric, or home health aides.
Immigrant families have long played an important role helping to build housing wealth in the United States. One study released by the Partnership for a New American Economy and Americas Society/Council of the Americas, for instance, found that in recent decades the country’s more than 40 million immigrants collectively raised U.S. housing wealth by $3.7 trillion. Much of this was possible because immigrants moved into neighborhoods once in decline, helping to revitalize communities and make them more attractive to U.S.-born residents.*

In South Dakota, immigrants are actively strengthening the state’s housing market. The roughly 4,000 foreign-born homeowners in the state held almost $6 million in housing wealth in 2014. Immigrant-led households also generated nearly 5 percent of the state’s rental income that year, even though they led fewer than three percent of South Dakota’s households. Because South Dakota’s immigrants are more likely to be working age, they also help address another major concern of housing experts—that the large wave of baby boomers retiring in the coming years could result in more homes going up for sale than there are buyers to purchase them. In South Dakota, where seniors already make up 27.2 percent of homeowners, young immigrants may play a particularly critical role buying homes and maintaining housing values in the future.

Immigrants are **bolstering the housing market** by buying the wave of homes coming on the market as the baby boomers retire.

- **3,917**
  Number of immigrant homeowners in South Dakota in 2014

- **$5.6B**
  Amount of housing wealth held by immigrant households in South Dakota

- **$3.5M**
  Amount paid by immigrant-led households in South Dakota in rent
One key measure of the demand for immigrant workers involves the number of visas requested by employers in a given state. Before an employer can formally apply for many types of visas, however, it must first obtain “certification” from the Department of Labor—essentially a go-ahead from the DOL that the employer can apply for a visa to fill a given job or role. For the H-1B visa, which is used to sponsor high-skilled workers, an employer gains certification by filing what’s known as a Labor Condition Application, or LCA. In the LCA the employer must detail the position the foreign national would fill, the salary he would be paid, and the geographic location of the job. Firms must also attest that hiring an immigrant will not adversely impact similarly situated American workers. For two other large work visa categories—the H-2A for agricultural laborers and the H-2B for seasonal or temporary needs—employers file what is known as a Labor Certification application, or a “labor cert” for short. To get a labor cert approved, the employer must demonstrate that it is unable to locate an American worker that is available, willing, and able to fill the job.

**H-1B**

Number of positions: **479**

Top jobs:  
- Computer Systems Analysts  
- Computer Programmers  
- Software Developers, Applications

**GREEN CARD**

Number of positions: **35**

Top jobs:  
- Internists, General  
- Physicians and Surgeons, All Other  
- Software Developers, Applications

**H-2A**

Number of positions: **656**

Top crops or jobs:  
- Grains  
- Construction  
- Livestock Building  
- Bees

**H-2B**

Number of positions: **1,019**

Top jobs:  
- Construction Laborers  
- Maids and Housekeeping Cleaners  
- Food Preparation Workers

**CERTIFIED POSITIONS BY VISA TYPE, 2014**

<table>
<thead>
<tr>
<th>Visa Type</th>
<th>Number of Positions</th>
</tr>
</thead>
<tbody>
<tr>
<td>H-1B</td>
<td>479</td>
</tr>
<tr>
<td>GREEN CARD</td>
<td>35</td>
</tr>
<tr>
<td>H-2A</td>
<td>656</td>
</tr>
<tr>
<td>H-2B</td>
<td>1,019</td>
</tr>
</tbody>
</table>

* This includes only employment-based green cards

**IF ALL APPROVED LCAS HAD TURNED INTO VISAS...**

479 LCAs for H-1B workers could have created **877 jobs**.
In fiscal year 2014, South Dakota employers received DOL certification for almost 2,200 positions, including jobs across a wide variety of occupations and geographies within the state. They included nearly 480 positions for potential workers on H-1B visas, as well as roughly 660 for H-2A workers. Federal officials also issued more than 1,000 certifications for H-2B visas, which are frequently used to staff places like hotels, fisheries, and stables during the high season. Given that it is expensive and cumbersome for employers to obtain labor certs—and similarly daunting to formally apply for an H-1B visa—the large interest in all these visa categories indicates South Dakota employers likely were having real trouble finding the workers they needed on U.S. soil. workforce. Specifically, we use the estimate that every 100 additional H-1B visa awarded to a state is associated with the creation of 183 more jobs for U.S.-born workers there in the following seven years.

Applying for certification, however, is not the same as receiving a visa. The H-1B program is currently capped at 85,000 visas a year for private sector employers. In the country as a whole, this resulted in almost half of all such applications being rejected in fiscal year 2014 alone. The H-2B program is similarly limited to just 66,000 visas per year. Even permanent immigrants get ensnared in the limitations of our outdated immigration system. Only 7 percent of all green cards can go to nationals of any one country in a given year—resulting in backlogs lasting years for many Indian, Chinese, Mexican, and Filipino workers.

When companies are denied the visas they need, company expansion is commonly slowed—often at a real and meaningful cost to the U.S.-born population. One study by the Partnership for a New American Economy and the American Enterprise Institute estimated that when a state receives 100 H-2B visas, 464 jobs are created for U.S.-born workers in the seven years that follow. The fact that H-1B visa holders actually create—rather than take away—jobs from Americans has also been widely supported in the literature. A 2013 paper written by professors at Harvard University looking at the 1995 to 2008 period found that one additional young, high-skilled immigrant worker hired by a firm created 3.1 jobs for U.S.-born workers at that same company during...
the period studied. Other academics have tied each H-1B visa award or labor request with the creation of four or five American jobs in the immediate years that follow.

In this brief, we rely on a more conservative estimate of the impact of the H-1B program on the American workforce. Specifically, we use the estimate that every one additional H-1B visa awarded to a state was associated with the creation of 1.83 more jobs for U.S.-born workers there in the following seven years. On the first page of this section, we show the number of jobs that would have been created for U.S.-born workers in South Dakota by 2020 if all the fiscal year 2014 LCAs for H-1Bs had turned into actual visas.
Naturalization

South Dakota’s immigrants are not only living in the state, they are laying down roots there as well. Our analysis found that immigrants in South Dakota are naturalizing, or becoming citizens, at similar rates to immigrants in the country as a whole. In 2014, 46.3 percent of immigrants in the state were already U.S. citizens, 2.1 percent lower than the national average.

Like almost all parts of the country, however, South Dakota is also home to a population of immigrants who are eligible to naturalize but have not yet taken that step. Embracing public policies that would help those individuals navigate the naturalization process could have an important economic impact on the state. Studies have found that immigrants who become citizens seek out higher education at greater rates than non-citizens. Because citizenship allows immigrants to pursue a greater range of positions, including public and private sector jobs requiring a security clearance, it also has been found to raise a person’s annual wages. One study by researchers at the University of Southern California pegged the size of that wage increase at 8 to 11 percent. If the average non-citizen in South Dakota saw a wage boost at the low end of that range, or 8 percent, she would earn approximately $1,800 more per year—money that could be reinvested in the state’s economy through her spending at local businesses. Multiplied by the roughly 4,100 non-citizens in South Dakota currently eligible to naturalize, such policy initiatives could collectively boost wages in the state by $7.4 million.

4,080
Number of non-citizens eligible to naturalize in 2014.

The average non-citizen in South Dakota earns $22,554 per year. If they naturalized, they each could earn an average of $1,804 more per year.

$7.4M
Aggregate additional earnings if eligible non-citizens naturalized.
International Students

Policymakers are increasingly realizing that international students provide huge benefits to the communities where they live and study. The World Bank has found that an increase in the number of international graduate students studying at American schools leads to large boosts in the number of patents awarded to local research universities in the years that follow. Through their tuition payments and day-to-day spending, international students in the broader United States also contributed more than $30.5 billion to the U.S. economy in the 2014-2015 school year and supported more than 370,000 jobs.

In South Dakota the roughly 7,000 international college students studying on temporary visas make up just 2.9 percent of all college students in the state. Still, their economic contribution is enormous. They support more than 1,600 jobs in the state, including positions in transportation, health insurance, and retail.

International students represent a very small portion of all students in South Dakota, but they make a big impact...

- **3%** International students make up only 3% of all students in South Dakota.
- **$29.5M** Economic contribution of international students to the state, 2015.
- **233** Jobs supported by international students, 2015.
Voting Power

Immigrants in South Dakota do not only make a difference to the state’s economy, they also play a role at the voting booth. In 2014, South Dakota was home to almost 10,000 foreign-born residents who were eligible to vote, including an estimated 4,000 foreign-born residents who had formally registered. Those numbers are unlikely to sway a presidential election in this relatively safe Republican state, where Republican presidential candidate Mitt Romney won by roughly 66,000 votes in 2012. Still, it can make a difference in closer statewide contests and primaries.

Going forward, immigrants will likely continue to gain voting power in South Dakota. Based on voting participation patterns in recent years, we would expect more than 3,800 foreign-born voters to cast formal ballots in the presidential election this year. An additional 2,000 more immigrants will either naturalize or turn 18 by 2020, expanding the pool of eligible new American voters in South Dakota to almost 12,000 people.

**THE GROWING POWER OF THE IMMIGRANT VOTE**

<table>
<thead>
<tr>
<th>Year</th>
<th>Immigrants who will become eligible to vote by turning 18</th>
<th>Immigrants who will become eligible to vote through naturalization</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>719</td>
<td>79</td>
</tr>
<tr>
<td>2020</td>
<td>2,158</td>
<td>325</td>
</tr>
</tbody>
</table>

**PROJECTED POOL OF ELIGIBLE IMMIGRANT VOTERS, 2014-2020**

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of immigrants eligible to vote</th>
<th>Number of immigrants registered to vote</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>9,841</td>
<td>4,158</td>
</tr>
<tr>
<td>2016</td>
<td>10,479</td>
<td>4,158</td>
</tr>
<tr>
<td>2020</td>
<td>11,791</td>
<td>4,158</td>
</tr>
</tbody>
</table>

*Margin not drawn to scale.*
The United States is currently home to an estimated 11.4 million undocumented immigrants, the vast majority of whom have lived in the United States for more than five years. The presence of so many undocumented immigrants in our country for such a long time presents many legal and political challenges that are beyond the scope of this report. But while politicians continue to debate what to do about illegal immigration without any resolution, millions of undocumented immigrants are actively working across the country, and collectively, these immigrants have a large impact on the U.S. economy. One recent study found that 86.6 percent of undocumented males in the country were employed in 2012 and 2013, suggesting that most immigrants who come here illegally do so because of work opportunities.27 And because employers are required by law to gather Social Security numbers for all their hires, many undocumented individuals are paying into our tax system as well—often under falsified or incorrect Social Security numbers.28 These undocumented immigrants generally lack access to federal aid programs such as Medicaid, food stamps, and Temporary Assistance for Needy Families, so they also draw down far less from these programs than their native-born counterparts.29

One recent study found that **86.6%** of undocumented males in the country were employed in 2012 and 2013, suggesting that most immigrants who come here illegally do so because of work opportunities.
Of course, there are many compelling reasons that having a large undocumented population is a problem for a society. It undermines law and order, permits a shadow economy that is far harder to regulate, and is simply unfair to the millions of people who have come here legally. But as the undocumented immigration problem has gone largely unaddressed for the past 30 years, undocumented workers in the country have begun to play an increasingly integral role in many U.S. industries. In some sectors, such as agriculture, undocumented immigrants account for 50 percent of all hired crop workers, making them a critical reason why the industry is able to thrive on U.S. soil.

Many studies have also indicated that these undocumented workers are not displacing the U.S.-born, but rather, taking jobs few Americans are interested in pursuing. Economists have found that low-skilled immigrants, the group that most undocumented workers fall into, tend to pursue different jobs than less-skilled natives. While U.S.-born workers without a high school degree are often overrepresented in forward-facing roles like cashiers, receptionists, and coffee shop attendants, many less-skilled immigrants pursue more labor-intensive work requiring less human interaction, filling jobs as meat processors, sewing machine operators, or nail salon workers. This phenomenon exists within industries as well. In construction, for instance, less-skilled immigrants often work as painters and drywall installers, allowing natives to move into higher paying positions requiring more training, such as electricians, contractors, and plumbers.

The challenge of undocumented immigration is becoming increasingly apparent in places like South Dakota, which have not historically been home to a large number of such immigrants. But just as with the nation as a whole, as these immigrants spend years and decades in America, they get further integrated into our economy. In South Dakota, there is evidence that undocumented immigrants are playing a small but important role in the workforce. In this section,
we estimate the size and the characteristics of the undocumented population in South Dakota by conducting a close analysis of the American Community Survey from the U.S. Census. This work uses a series of variables to identify immigrants in the survey who are likely to lack legal status—a method that has recently emerged in the academic literature on immigration.³³ (See the Methodology Appendix for more details.)

Using this technique, we estimate that South Dakota is home to more than 4,000 undocumented immigrants. These individuals are far more likely than the native-born population—or even the broader foreign-born one—to be in the prime of their working years, or ranging in age from 25-64. They also contribute to a range of industries that could not thrive without a pool of workers willing to take on highly labor-intensive roles. In 2014, for instance, undocumented immigrants constituted 2.1 percent of all employees in South Dakota’s accommodation and food services industry, a sector that includes dishwashers, food preparation workers, and short order cooks. They also made up 2.7 percent of workers employed in the agriculture sector, as well as 2.6 percent of workers in the manufacturing industry.

Large numbers of undocumented immigrants in South Dakota have also managed to overcome licensing and financing obstacles to start small businesses. In 2014, an estimated 4.6 percent of the state’s working-age undocumented immigrants were self-employed. Almost 200 undocumented immigrants in South Dakota were self-employed in 2014, many providing jobs and economic opportunities to others in their community. Undocumented entrepreneurs in the state also earned an estimated $1 billion in business income that year.

Several in-depth studies have come to the conclusion that undocumented immigrants represent a net benefit to the states in which they live.

The larger political debate around the economic cost or benefits of undocumented immigration tends to focus on the expense of educating immigrant children or the healthcare costs associated with increased use of emergency rooms and other services. These costs are real and can be substantial, but taken alone they paint an incomplete picture of the impact of undocumented

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**MEASURES OF ASSIMILATION AMONG SOUTH DAKOTA’S UNDOCUMENTED POPULATION, 2014**

<table>
<thead>
<tr>
<th>Time in the United States</th>
<th>English Proficiency (population ages 5+)</th>
</tr>
</thead>
<tbody>
<tr>
<td>54%</td>
<td>8% Speak only English</td>
</tr>
<tr>
<td></td>
<td>18% Speak English well</td>
</tr>
<tr>
<td></td>
<td>29% Speak English very well</td>
</tr>
<tr>
<td></td>
<td>17% Does not speak English well</td>
</tr>
<tr>
<td></td>
<td>28% Does not speak any English</td>
</tr>
</tbody>
</table>

Share of undocumented immigrants who have been in the U.S. for five years or more.
immigration. This is because the debate infrequently recognizes that since most undocumented immigrants are working, they make large federal and state tax contributions and are net contributors to many of our most important—and most imperiled—benefits programs. Social Security’s Chief Actuary, for example, has credited unauthorized immigrants with contributing $100 billion more to Social Security than they drew down in benefits during the last decade.34 Another study found that in 2011 alone, unauthorized immigrants contributed $3.5 billion more to Medicare than they utilized in care.35

South Dakota is home to so few undocumented immigrants that it is unfortunately impossible for us to estimate with any degree of reliability the amount such immigrants earn in income each year or what they pay in taxes. There is no reason to believe, however, that South Dakota’s undocumented population would differ from the pattern in other many states. Several in-depth studies have come to the conclusion that undocumented immigrants represent a net benefit to the states in which they live. One paper written by researchers at Arizona State University estimated that undocumented immigrants in Arizona pay $2.4 billion in taxes each year—a figure far eclipsing the $1.4 billion spent on the law enforcement, education, and healthcare resources they use.36 Another study estimated that, on a per capita basis, Florida’s undocumented immigrants pay $1,500 more in taxes than they draw down in public benefits each year.37

If undocumented immigrants are ultimately legalized, of course, such calculations are likely to change. On the one hand, giving unauthorized immigrants legal status would open the door for them to collect more public benefits. On the other, legalization is expected to increase their wages—as well as the amount they pay in taxes—by giving undocumented immigrants access to a greater range of jobs and educational opportunities than they have now.38 Provisions within immigration reform requiring that undocumented immigrants pay back any taxes before normalizing their status would temporarily boost U.S. tax revenues still further.

But while the debate over legalization continues without resolution, the data suggests that the undocumented immigrants in South Dakota have largely assimilated into the United States, making it less likely that mass deportation will ever be a realistic option.

But while the debate over legalization continues without resolution, the data suggests that the undocumented immigrants in South Dakota have largely assimilated into the United States, making it less likely that mass deportation will ever be a realistic option. We estimate that 54.4 percent of the state’s undocumented population has been in the United States for five or more years. More than 64 percent speak English well, very well, or fluently. Studies show that when immigrants with limited English proficiency learn the language, they see a substantial wage benefit and become less isolated in their communities.39 The labor market outcomes and educational levels of their children increase with time as well.40
Methodology

The vast majority of data that appears in this brief was calculated by the Partnership for a New American Economy research team, using a variety of publicly available data sources. Our work relied most heavily on the 2014 American Community Survey (ACS) 1-year sample using the Integrated Public Use Microdata Series (IPUMS) database. Unless otherwise noted this data is weighted using the person weight for analysis at the individual level, and is weighted using the household weight for analysis at the household level.

Demographics

The data points on the foreign-born population in the demographics section are calculated using both the 2010 and 2014 ACS 1-year sample.

Entrepreneurship

The data on self-employed immigrants and the business income generated by immigrant entrepreneurs come from the 2014 ACS 1-year sample. We define immigrants as foreign-born individuals (excluding those that are children of U.S. citizens or born on U.S. territories).

The number of employees at immigrant-owned firms is estimated by using the 2007 Survey of Business Owners (SBO) Public Use Microdata Sample (PUMS), which is the most recent microdata on business owners currently available. The estimates are weighted using the tabulation weights provided in the dataset. We define immigrant-owned businesses as firms with at least one foreign-born owner. For confidentiality, the data exclude businesses classified as publicly owned firms because they can be easily identified in many states. Based on our own analysis, we believe that many of the publicly owned firms excluded from this data are companies with 500 employees or more. As a result, the final number of employees at immigrant-owned companies in this report is a conservative estimate, and is likely lower than the true value.

Fortune magazine ranks U.S. companies by revenue and publishes a list of top 500 companies and their annual revenue as well as their employment level each year. To produce our estimates, we use the 2015 Fortune 500 list. Our estimates in this section build on past work done by PNAE examining each of the Fortune 500 firms in the country in 2011, and determining who founded them. We then use publicly available data, including historical U.S. Census records and information obtained directly by the firms, to determine the background of each founder. In the rare cases where we could not determine a founder’s background, we assumed that the individual was U.S.-born to be conservative in our estimates. Some firms created through the merger of a large number of smaller companies or public entities were also excluded from our analysis. These included all companies in the utilities sector and several in insurance.

To produce the Fortune 500 estimates for each state, we allocate firms to the states where their current headquarters are located. We then aggregate and report the annual revenue and employment of the firms in each state that we identify as “New American” Fortune 500 companies. These are firms with at least one founder who was an immigrant or the child of immigrants.

Income and Tax Contributions

Using the 2014 ACS 1-year data, we estimate the aggregate household income, tax contributions, and spending power of foreign-born households.
To produce these estimates, a foreign-born household is defined as a household with a foreign-born household head. Immigrant sub-groups are defined as follows: 1) Asian immigrants refer to the foreign-born persons who self identify as Chinese, Taiwanese, Japanese, Filipino, Asian Indian, Korean, Native Hawaiian, Vietnamese, Bhutanese, Mongolian, Nepalese, Cambodian, Hmong, Laotian, Thai, Bangladeshi, Burmese, Indonesian, Malaysian, Pakistani, Sri Lankan, Samoan, Tongan, Guamanian/Chamorro, Fijian, or other Pacific Islanders; 2) Hispanic immigrants include those foreign-born persons who report their ethnicity as Hispanic; 3) Immigrants grouped under Sub-Saharan Africa originate from African countries, excluding the North African countries of Egypt, Libya, Tunisia, Algeria, and Morocco; 4) Middle Eastern and North African immigrants are foreign-born persons from North Africa as well as the following Middle Eastern countries: Iran, Iraq, Bahrain, Israel, Jordan, Kuwait, Lebanon, Oman, Palestine, Qatar, Saudi Arab, Syria, United Arab Emirates, and Yemen.

In this brief, mirroring past PNAE reports on this topic, we use the term “spending power.”* Here and elsewhere we define spending power as the disposable income leftover after subtracting federal, state, and local taxes from household income. We estimate state and local taxes using the tax rates estimates produced by Institute on Taxation and Economic Policy by state income quintiles.* For federal tax rate estimates, we use data released by the Congressional Budget Office in 2014 and calculate the federal tax based on the household income federal tax bracket.*

Social Security and Medicare contributions are drawn from taxes on an individual’s wage earnings.* This is far different from a household’s overall income, which may include other revenue streams such as rental income and returns on investments. To account for this difference between overall federal taxes and Social Security and Medicare contributions, we estimate Medicare and Social Security contributions based on wage and salary data provided at the individual level in the ACS. For self-employed individuals, we use the self-employment income as the income base. The amount of earnings that can be taxed by the Social Security program is capped at $117,000, while there no such limit for the Medicare program.* We use a flat tax rate of 12.4 percent to estimate Social Security contributions and 2.9 percent for to capture Medicare contributions. This estimates the total amount that immigrants and their employers contributed in 2014.*

It is also worth noting that half of the amount contributed to Social Security and Medicare (6.4 percent of Social Security tax rate and 1.45 percent of Medicare tax rate) comes from individual workers, while the other half comes directly from their employers. Self-employed workers have to pay the full tax themselves. When estimating Social Security and Medicare contributions, we include all individual wage earners in the households and aggregate the amount paid by state.

Workforce

We use the 2014 ACS 1-year sample to estimate all data points in the workforce segment of the report. We define the working age population as those 25 to 64 years old. When estimating how much more foreign-born persons are likely to be employed than native-born persons, however, we calculate the percentage of native-born and foreign-born residents of all ages who were employed in 2014. The reason why we choose a more inclusive population for that estimate is because we want to make the point that the increased likelihood of being working aged that we see among immigrants leads to higher employment in the vast majority of states.

Because the employment status of people who are 16 years old or younger is not available in the ACS, we assume that these young people are not employed. The employed population also does not include those in the Armed Forces.

To estimate how much more likely immigrants are to be employed than natives, we calculate the percent difference between the immigrant and native-born employment rates. Our estimates on the share of immigrants and natives of different education levels only take into consideration individuals aged 25 or older.
The North American Industry Classification System, or NAICS Industry code, is used to estimate the industries with the largest share of foreign-born workers. All individuals 16 years old and above are included in these calculations. The total number of workers for certain industries in some states is extremely small, thus skewing results. In order to avoid this, we calculate the percentile distribution of the total number of workers per industry per state and drop the industries in each state that fall below the lowest 25th percentile. Estimated occupations with the largest share of foreign-born workers per state also follow the same restrictions—the universe is restricted to workers age 16 and above, and the occupations per state that fall under the 25th percentile benchmark are not included.

Our estimates on the number of manufacturing jobs created or preserved by immigrants rely on a 2013 report by the Partnership for a New American Economy and the Americas Society/Council of the Americas. That report used instrumental variable (IV) strategy in regression analysis and found that every 1,000 immigrants living in a county in 2010 created or preserved 46 manufacturing jobs there. We use that multiplier and apply it to the 2010 population data from the ACS to produce our estimates.

**Agriculture**

We access the agriculture GDP by state from Bureau of Economic Analysis, which includes GDP contributions from the agriculture, forestry, fishing, and hunting industry. The share of foreign-born agricultural workers is estimated using 2014 ACS 1-year sample. Additional data on agriculture output, top three crops per state, and leading agricultural exports come from United State Department of Agriculture (USDA)’s state fact sheets. When displayed, data on sales receipts generated by the top fresh produce items in each state come the Farm and Wealth Statistics cash receipts by commodity tables available from the USDA’s Economic Research Service.

The agriculture section uses the Quarterly Census of Employment and Wage (QCEW) to estimate the percentage of crop farms producing fresh fruits and vegetables, and change in real wage of agricultural workers between 2002 and 2014. The QCEW data uses the North American Industry Classification System (NAICS) to assign establishments to different industries. We identify the following farms as fresh fruits and vegetable farms: other vegetable and melon farming, orange groves, citrus, apple orchards, grape vineyards, strawberry farming, berry farming, fruit and tree nut combination farming, other non-citrus fruit farming, mushroom production, other food crops grown under cover, and sugar beet farming.

The decline in the number of field and crop workers comes from the quarterly Farm Labor Survey (FLS) administered by USDA. Stephen Bronars, an economist with Edgeworth Economics, previously analyzed and produced these estimates for the PNAE report, “A Vanishing Breed: How the Decline in U.S. Farm Laborers Over the Last Decade has Hurt the U.S. Economy and Slowed Production on American Farms” published in 2015. Additional information on those calculations can be found in the methodology section of that paper.

Finally, for a small number of states, we also produce estimates showing how growers in the state are losing market share for specific produce items consumed each year by Americans, such as avocados or strawberries. Those estimates originate in a 2014 report produced by PNAE and the Agriculture Coalition for Immigration Reform. The author used data from the USDA's annual “yearbook” for fresh fruits and vegetables, among other sources, to produce those estimates. More detail can be found in the methodology of that report.

**Science, Technology, Engineering, and Math**

We use the STEM occupation list released by U.S. Census Bureau to determine the number and share of foreign-born STEM workers as well as the number of unemployed STEM workers from 2014 ACS 1-year data. Per U.S. Census classification, healthcare workers such as physicians and dentists are not counted as working in
the STEM occupations. All unemployed workers who list their previous job as a STEM occupation are counted as unemployed STEM workers.

To capture the demand for STEM workers, we use the Labor Insight tool developed by Burning Glass Technologies, a leading labor market analytics firm. Burning Glass, which is used by policy researchers and academicians, scours almost 40,000 online sources daily and compiles results on the number and types of jobs and skills being sought by U.S. employers. This search includes online job boards, individual employer sites, newspapers, and public agencies, among other sources. Burning Glass has an algorithm and artificial intelligence tool that identifies and eliminates duplicate listings—including ones posted to multiple job boards as part of a broad search.

The data on STEM graduates are from the 2014 Integrated Postsecondary Education Data System (IPEDS) completion survey. A study by the Partnership for a New American Economy and the American Enterprise Institute found that every time a state gains 100 foreign-born STEM workers with graduate-level STEM training from a U.S. school, 262 more jobs are created for U.S.-born workers there in the seven years that follow. We use this multiplier and the number of STEM advanced level graduates on temporary visas to estimate the number of jobs created for U.S.-born workers.

The last part of the STEM section presents data on patents with at least one foreign-born inventor. The data is originally from a study by Partnership for a New American Economy in 2012, which relied on data from U.S. Patent and Trademark Office’s database as well as LinkedIn, direct correspondence, and online profiles to determine the nativity of individual inventors.

**Healthcare**

We estimate the number of unemployed healthcare workers using the 2014 ACS 1-year sample. Healthcare workers are healthcare practitioners and technical occupations, or healthcare support occupations as defined by U.S. Census Bureau. Unemployed healthcare workers are individuals who report their previous job as a healthcare occupation, and their employment status as currently not working but looking for work. We took the number of job postings for healthcare workers from the Burning Glass Labor Insight tool, a database that scours online sources and identifies the number and types of job postings. We describe this resource in detail in the section on STEM methodology.

We then delve into specific occupations within the broader healthcare industry. To produce the figures on the total number of physicians and psychiatrists and the share born abroad, we use American Medical Association (AMA) Physician Masterfile data. To give a sense of the supply and demand of physicians and psychiatrists, we also calculate the physician and psychiatrist density in each state by dividing the total number of physicians or psychiatrists by the population estimates in 2015 for each state. As for the share of foreign-born nurses and home health aides, we use the 2014 ACS 5-year sample data because data from the 1-year sample is too small to make reliable estimates.

We estimate the shortage of psychiatrists, dentists, and occupational therapists using data from the various U.S. government offices. For example, the shortage of psychiatrists refers to the current lack of psychiatrists per the U.S. government’s official definition of a mental health shortage area (1/30,000 residents) in each county, aggregated within each state. The shortage of dentists is from an analysis by U.S. Department of Health and Human Services, and the shortage of occupational workers is from a journal article published by PM&R, the official scientific journal of the American Academy of Physical Medicine and Rehabilitation. For psychiatrists, we project future shortages by accounting for individuals in these occupations as they reach the retirement age of 65.

**Housing**

The data in the housing section comes from the 2014 ACS 1-year sample. Immigrant homeowners are defined as foreign-born householders who reported living in
their own home. We estimate the amount of housing wealth held by immigrant households by aggregating the total housing value of homes owned by immigrant-led households. We also estimate the amount of rent paid by immigrant-led households by aggregating the rent paid by such families. We then calculate the share of housing wealth and rent that immigrant households held or paid compared to the total population. For characteristics of homeowners, a foreign-born new homebuyer is defined as a household with a foreign-born household head who owned and moved to the current residence within the last five years.

**Visa Demand**

The data on visa demand are drawn primarily from the 2014 Annual Report produced by the Office of Foreign Labor Certification within the U.S. Department of Labor. Our figures on the number of visa requests authorized for each state—as well as the occupations and cities those visas are tied to—originate directly from that report.

In this section, we also present estimates on the number of jobs that would have been created if all the visas authorized in 2014 had resulted in actual visa awards. The multipliers we use to produce these estimates originate in a 2011 report released by PNAE and the American Enterprise Institute. That report, written by the economist Madeline Zavodny, used a reduced-form model to examine the relationship between the share of each state’s population that was immigrant and the employment rate of U.S. natives. More detail on Zavodny’s calculations and the multipliers produced for each visa type can be found in the methodology appendix of that report.

For purposes of these briefs, we use Zavodny’s finding that the award of 100 additional H-1B visas in a state is tied to 183 additional jobs for natives there in the 7 years that follow. The award of 100 additional H-2B visas creates 464 additional jobs for natives in the state during that same time period. We apply these multipliers to the number of visas in those categories authorized for each state in 2014.

In many of the state reports, we also present figures showing how visa denials resulting from the 2007 and 2008 H-1B lotteries cost the tech sectors of metropolitan areas both employment and wage growth in the two years that followed. The economists Giovanni Peri, Kevin Shih, and Chad Sparber produced these estimates for a PNAE report on the H-1B visa system that was released in 2014. That report relied on Labor Condition Application and I-129 data that the authors obtained through a Freedom of Information Act request, as well as American Community Survey data from 2006 and 2011. The authors did regressions that examined the causal relationship between a “shock” in the supply of H-1B computer workers and computer employment in subsequent years for more than 200 metropolitan areas. More information on those estimates can be found in the methodology appendix of that report.

**Naturalization**

Using the ACS 2014 1-year sample, non-citizens eligible to naturalize are defined as non-citizens who are 18 years or above, can speak English, and have continuous residence in the United States for at least five years.

Researchers at the University of Southern California’s Center for the Study of Immigrant Integration published a report in 2012, “Citizen Gain: The Economic Benefits of Naturalization for Immigrants and the Economy,” which concluded that immigrants experience an 8 to 11 percent gain in their individual wages as a result of becoming naturalized. Because this earnings gain phases in over time—and we want to be conservative in our estimates—we model a wage increase of just 8 percent when discussing the possible gains that could accrue due to naturalization. We use this multiplier and the mean individual wages of non-citizens in each state to estimate the additional earnings that non-citizens would earn if they naturalized. Finally, we calculate the aggregate wage earnings boost by multiplying the total number of non-citizens who are eligible for naturalization by the average increase in wage income per person.
International Students

We obtain the size and share of postsecondary students who are international in each state from the 2014 Integrated Postsecondary Education Data System (IPEDS) fall enrollment data. Those figures are then applied to preexisting work previously done by NAFSA, an organization representing professionals employed in the international offices of colleges and universities across the United States. NAFSA has developed an economic value tool and methodology that estimates the total economic benefit and jobs created or supported by international students and their dependents in each state. The economic contributions include the costs of higher education along with living expenses minus U.S.-based financial support that international students receive.

Because the enrollment data from IPEDS that we use in this brief is different from the underlying data used by NAFSA, our figures differ slightly from the NAFSA estimates of the economic contributions made by international students in the 2014-2015 school year.

Voting

The estimates for the number of registered and active voters who are foreign-born are calculated from the Voter Supplement in the Current Population Survey (CPS) for the years 2008, 2010, 2012, and 2014 using the IPUMS database. The sample in CPS includes civilian non-institutional persons only. Foreign-born individuals who stated having voted between 2008 and 2014 are termed active voters.

Using data from the 2014 ACS 1-year sample, we estimate the number and share of foreign-born eligible voters. We define them as naturalized citizens aged 18 or older who live in housing units. Persons living in institutional group quarters such as correctional facilities or non-institutional group quarters such as residential treatment facilities for adults are excluded from the estimation. We also estimate the number of new foreign-born voters who will become eligible to vote in 2016 and 2020, either by turning 18 or through naturalization, as well as the total number of foreign-born voters in these years. The estimates of newly eligible voters for 2016 include naturalized citizen ages 16 and 17 as of 2014 (thereby becoming of voting age by 2016). Those eligible to vote in 2020 include all naturalized citizens ages 12-17 in 2014. Applicable mortality rates are also applied. In addition, we estimate newly naturalized citizens using data from the Department of Homeland Security, which show the two-year average of new naturalized citizens by state. We discount from these numbers the percentage of children below 18 in households with a naturalized householder by state. Estimates of total foreign-born voters include naturalized citizens aged 18 or older in 2014, discounted by average U.S. mortality rates by age brackets, summed to the pool of newly eligible foreign-born voters.

Margin of victory in 2012 refers to President Barack Obama’s margin of victory over Republican candidate Mitt Romney in terms of popular vote. The margins are negative in states that Romney won in 2012.

Undocumented

Using data from the 2014 ACS, we applied the methodological approach outlined by Harvard University economist George Borjas to arrive at an estimate of the undocumented immigrant population in the overall United States and individual states. The foreign-born population is adjusted for misreporting in two ways. Foreign-born individuals who reported naturalization are reclassified as non-naturalized if the individual had resided in the United States for less than six years (as of 2014) or, if married to a U.S. citizen, for less than three years. We use the following criteria to code foreign-born individuals as legal U.S. residents:

- Arrived in the U.S. before 1980
- Citizens and children less than 18 year old reporting that at least one parent is native-born
- Recipients of Social Security benefits, ssi, Medicaid, Medicare, Military insurance, or public assistance
• Households with at least one citizen that received SNAP
• People in the armed forces and veterans
• People attending college and graduate school
• Refugees
• Working in occupations requiring a license
• Government employees, and people working in the public administration sector
• Any of the above conditions applies to the householder’s spouse

The remainder of the foreign-born population that do not meet this criteria is reclassified as undocumented. Estimates regarding the economic contribution of undocumented immigrants and the role they play in various industries, and tax contributions are made using the same methods used to capture this information for the broader immigrant population in the broader brief. When estimating the aggregate household income, spending power, and tax contributions, we are not able to make reliable estimates for undocumented-led households in Alaska, Maine, Montana, North Dakota, South Dakota, Vermont, and West Virginia due to the small sample size of undocumented-led households in ACS. Finally, the variables giving a sense of the undocumented population’s level of assimilation—including their English proficiency and time in the United States—are estimated by examining the traits of the undocumented population in the 1-year sample of the ACS.
Endnotes


2 Fairlie, “Open For Business.”


5 Fairlie, “Open For Business.”

6 This is the most recent year for which data on employment is available.


8 Craig Montuori, email message to author, June 23, 2016.


13 “Employment Projections.”


16 Vigdor, “Immigration and the Revival of American Cities.”


18 Zavodny, “Immigration and American Jobs.”


22 Zavodny, “Immigration and American Jobs.” These positive benefits have been documented despite well-known problems regarding the H-1B visa system. The safeguards to protect American workers have not been updated since 1998, opening the door to increased use of the visa by a small number of outsourcing firms. This has left many U.S. companies with no reliable avenue to bring in the top talent they need to grow. PNAE has long advocated for legislation that would reform the H-1B program, including the recently introduced Protect and Grow American Jobs Act. Read more here: http://www.renewoureconomy.org/uncategorized/press-release-statement-of-partnership-for-a-new-american-economy-on-the-protect-and-grow-america-jobs-act/.


Endnotes: Methodology


9 Ibid.

10 Ibid.


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32 NAFSA, “International Student Economic Value Tool,” http://www.nafsa.org/Explore_International_Education_Impact/Data_And_Statistics/NAFSA_International_Student_Economic_Value_Tool/#stateData


The Partnership for a New American Economy brings together more than 500 Republican, Democratic and Independent mayors and business leaders who support sensible immigration reforms that will help create jobs for Americans today. Visit www.renewoureconomy.org to learn more.