

# Foreign-Born Workers Important to Building Texas

Anti-immigrant sentiment threatens to saddle the state with labor shortages.

by W. MICHAEL COX AND RICHARD ALM

**THE TEXAS ECONOMY** seems likely to keep growing rapidly, attracting more people and businesses to the state. Keeping up with it all will require a lot of building—new homes and apartments, new offices, new factories, new stores, new warehouses.

Building for a booming economy will require forward-looking real estate companies, both commercial and residential. It will need financing. And it will take skilled workers to pour concrete, put up walls, span them with roofs, and finish

off interiors. Many of those construction workers will have birth certificates issued somewhere outside the United States.

Immigrants are already vital to building Texas. According to census data, the state ranked second with 452,382 foreign-born construction workers in 2016, trailing California by just 17,550. Among the rest of the states, only one tops 200,000 immigrant construction workers—Florida at 243,316.

When it comes to building, Texas depends heavily on immigrants from countries to the south. A third of Texas' construction workers came from Mexico—more than any other state (see chart). Adding the rest of Latin America raises the share to more than 40 percent. Less than 2 percent were born in other parts of the world.

State-level data doesn't tell us what the foreign-born construction workers do on the job. On a national level, however, census reports show that Hispanics, both U.S.-born workers and immigrants, dominate many skilled occupations at building sites. They make up 63 percent of drywall installers, 52 percent of roofers, 52 percent of carpet and tile installers, 51 percent of painters, and 49 percent of cement masons. It's a good bet that the percentages are much higher in Texas.

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Construction isn't the only Texas

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## IMMIGRANT CONSTRUCTION WORKERS\*

	Mexico	Other Latin America	Other Foreign Born	Native
Texas	377,709	74,230	18,683	654,066
California	316,280	73,608	81,172	629,536
Florida	52,067	173,083	25,038	441,273
New York	24,141	108,377	63,998	335,678
Pennsylvania	4,051	10,401	11,212	321,885
Illinois	44,716	6,664	27,321	251,564
Georgia	56,892	22,938	9,923	227,556
North Carolina	48,963	19,879	4,876	232,934
Ohio	5,789	2,470	4,946	269,530
Virginia	13,175	56,367	11,448	190,633
New Jersey	10,164	48,165	25,374	167,690
Michigan	5,058	920	8,724	223,798
Washington	20,722	2,597	13,307	190,623
Arizona	54,400	4,010	3,808	143,943
Massachusetts	1,068	26,595	16,364	159,522

\* BY STATE, SOURCE: U.S. CENSUS BUREAU

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industry employing significant numbers of immigrants. In 2016, more than 27 percent of manufacturing workers were born overseas, nearly 15 percent of them coming from Mexico. A broad employment category that includes hotels (maids) and restaurants (cooks, bussers, waiters) was at 25 percent, with nearly 16 percent from Mexico. Other sectors above 20 percent foreign born were professional services, agriculture, wholesale trade, and transportation.

Over all, 22 percent of Texas workers were foreign-born in 2016—12 percent from Mexico, 3.3 percent from other Latin American countries, and 6.7 percent from other countries. For the nation as a whole, immigrants make up 17.2 percent of the workforce. Less than 5 percent come from Mexico—a significant difference from Texas' foreign-born workers.

Six other states rely on foreign-born workers for at least a fifth of their labor forces, led by California at almost 35 percent. The others are New Jersey, New York, Nevada, Florida, and Maryland. All except Maryland show a tilt toward workers born in Latin America, with Mexicans dominant in California, Nevada, and Texas. Foreign-born workers in

New Jersey, New York, and Florida are likely to come from other parts of Latin America—for instance, Cuba for Florida.

About 40 percent of Texas' foreign-born workers are naturalized citizens. The remaining 60 percent hold green cards that allow them to work or they work illegally—the jobs data doesn't break it down. The Pew Research Center, the go-to source on U.S. Hispanics, estimates that Texas' 1.2 million illegal immigrants made up 8.5 percent of the state's civilian labor force in 2014.

Federal law no doubt hinders illegals' employment in Texas. Employers must attest to the legal status of all employees (Form I-9), and the authorities sometimes conduct raids on companies suspected of employing immigrants without a legal right to work. Enforcement may be having some effect: The number of illegal workers has been flat nationally for nearly a decade, Pew reports.

#### TEXAS' ECONOMIC INTEREST

In 2016, we wrote about the dangers trade protectionism poses for Texas, the top state for exports by a large margin, and jobs at companies that depend on overseas sales (see



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“Troubles with Trade,” *D CEO* July/August 2016). Given its export prowess, we wrote then, Texas will benefit from national policies that expand trade, particularly with Mexico.

Like exports, immigrant labor makes an important contribution to the Texas economy, one that shouldn’t be ignored at a time when increasingly strident anti-globalist sentiments portray foreign-born workers as a blight on the American economy. It’s not just a matter of illegal workers. The ascendant America First movement even contemplates sharp reductions in legal immigration, including educated workers badly needed in technology industries and those gainfully employed in the United States for decades.

With an unemployment rate below 4 percent, Texas is already running up against constraints in labor supply. The Dallas Builders Association, for example, reported shortages of about 20,000 construction workers, delaying the building of an average home by a month and raising costs by \$5,000.

Texas’ overriding economic interest lies in strong growth—keeping a good thing going. That will require adding more workers to an already tight labor force. Some will come from other states, but immigrants will still play a crucial role in

filling the ranks, particularly in construction and other industries that have historically depended heavily on foreign-born workers. Tighter legal immigration creates the risk of spreading labor shortages in Texas, stifling the nation’s most vibrant economy.

Without enough workers, for example, Texas construction companies wouldn’t be able to turn out as many new homes and commercial buildings. With building crimped, real estate prices would be higher across the board. The loss of foreign-born workers would spread far beyond construction. Higher housing prices would deter Californians and New Yorkers from moving to Texas. Companies already here would see costs rise, eroding a business climate ranked among the best in the nation. Fewer firms would move to the state.

Texans shouldn’t want any part of this. The state has done quite well in recent decades with open trade and expanding employment of foreign-born workers. What’s worked in the past will work in the future. **D**

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