



# THE ECONOMIC AND FISCAL IMPACTS OF IMMIGRANT POPULATIONS ON NEBRASKA AND OMAHA:

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EVIDENCE FROM THE 2015-2019 AMERICAN  
COMMUNITY SURVEY



**OLLAS**  
OFFICE OF  
LATINO/LATIN  
AMERICAN  
STUDIES

UNIVERSITY OF  
**Nebraska**  
Omaha



*August 2021*

# OLLAS

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The OLLAS Report Series publishes the results of research and community engaged research projects carried out by UNO’s Office of Latino/Latin American Studies faculty and staff. These research reports are data and information driven interdisciplinary approaches to the experiences and needs of the Latino community in Omaha and Nebraska. Our research helps inform policies and programs about the economic, social, cultural, and political impacts of immigration and the growing influence of the Latino population in Nebraska and its surroundings. The OLLAS Report Series is intended to generate policy discussions and actions that advance the incorporation of Latinos in Nebraska and the nation at large.

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**THE ECONOMIC AND FISCAL  
IMPACTS OF IMMIGRANT  
POPULATIONS ON NEBRASKA  
AND OMAHA:**

EVIDENCE FROM THE 2015-2019 AMERICAN  
COMMUNITY SURVEY

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OLLAS Report #16

*August 2021*

UNIVERSITY OF  
**Nebraska**  
Omaha



# ABSTRACT

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Few public policy topics generate as much impassioned debate as immigration. While arguments abound regarding the motivations for and efficacy of these policies, there are nonetheless many possible consequences of their implementation. This study focuses on only one specific question: What is the economic impact of immigrants on job creation and economic growth and development in Nebraska and the Omaha Metropolitan Statistical Area (MSA). To that end, using the US Census Bureau's American Community Survey (ACS) data for the sample periods 2015 to 2019, this report quantitatively assesses this economic impact. While much of the focus in this study is on the total international immigrant group, with particular attention is paid to those immigrants from Mexico, Central America, South America, and the Caribbean. Findings indicate a substantial economic impact from these immigrant groups from a variety of perspectives. For example, immigrant labor in the construction, food services, and animal slaughtering and processing generate substantial impacts. In the Omaha MSA, this employment generated \$7.9 billion in production and 37,271 jobs. The Latin American and Caribbean born group generated \$5.2 billion in production and 26,261 jobs. In Nebraska, total foreign born employment generated \$22.0 billion in production and 94,409 jobs. The Latin American and Caribbean born group generated \$16.1 billion in production and 79,516 jobs. Whatever the policy outcomes regarding immigration become, a recognition of these groups' economic contributions must be kept firmly in mind.

**Keywords:** Foreign born, Latin American and Caribbean born, Economic Impact, Omaha, Nebraska.

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## INTRODUCTION

Of the many policy questions that governments world-wide grapple with, the immigration debate remains a major and often heated topic. Driven by many multi-faceted and often challenged arguments, there have been, in recent years, significant policy efforts in the United States and many European countries to hinder new immigration and return existing undocumented immigrants back to their home countries.

While arguments abound regarding the efficacy of these policies, there are nonetheless many possible consequences of their implementation. This study focuses on only one specific question: Based on the most up-to-date and reliable data, what is the economic impact of immigrants on job creation and economic growth and development in Nebraska and the Omaha Metropolitan Statistical Area (MSA)?

This study confirms and builds upon the Decker, Deichert, and Gouveia (2012) study. This study included the findings that in Nebraska in 2010, immigrant population employment accounted for \$18.2 billion in economic impact, and was linked to 82,032 total jobs. Other similar studies, include the Michigan study by Miller, Martinez, and Fawn (2010); the Minnesota study by Fennelly and Hurt (2009); the Arizona study by Gans (2007); and the North Carolina study by Kasarda and Johnson, Jr (2006).<sup>1</sup>

This analysis presents a broader view of immigration's impact on an overall economy. To that end, using the US Census Bureau's American Community Survey (ACS) data for the sample periods 2015 to 2019, this report attempts to quantitatively assess the economic impact of immigrants in Nebraska and the Omaha MSA. While much of the focus in this study is on the total international immigrant group, some particular attention is paid to those immigrants from Mexico, Central America, South America, and the Caribbean (henceforth labeled Latin American and

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<sup>1</sup> To be sure, an economy-wide measure of impact is not the only issue of attention when it comes to immigration. A major consideration is the impact on labor markets directly. While substantial, the literature has produced little consensus as to the wage impact of immigration. Borjas (2003), for instance, found evidence that increased immigration places significant downward pressure on wages in a variety of sectors. However, Card's (2005) analysis suggests that Borjas' conclusion is too pessimistic, finding little evidence of any substantive link between wages and immigration.

Caribbean in origin), and their impact, since the majority of immigrants in this area come from these regions.

Additionally, this report compares updated estimates with the Decker, Deichert, and Gouveia (2012) report. That said, we encourage some caution with such comparisons since the source of change can be varied. In addition to population and labor changes, there are also differences in tax rates, remittance data sources, etc., that can make it nearly impossible to identify with a high level of certainty a specific reason for a difference over time.

This report is organized as follows. In the next section, “Impact Coverage,” we address the nature of an economic impact analysis, what is being measured, how, and why. The following section, “Expenditure Impacts of First-Generation Foreign-Born Immigrants,” presents the impacts from immigrant spending on Omaha and Nebraska. In the section following that, “Production Impact”, we present the impact on Omaha and Nebraska from immigrant employment in three key sectors: construction; animal slaughtering and processing; and restaurant and food services. Next, in “Fiscal Contributions and Social Cost Pressures from the Immigrant Population in the State of Nebraska,” we compare Nebraska’s immigrant population’s contributions to state budget coffers (income and sales taxes) and costs to state programs (Medicaid, public assistance, and education) with that of the native-born group. “Comparative Analysis” is the penultimate section where we compare the result of this study with the Decker, Deichert, and Gouveia (2012) study. The final section is the “Conclusion and Future Research,” followed by the bibliography, and the Annexes. The Annexes include a more detailed description of the methodology and sources used on this report.

## **IMPACT COVERAGE**

### **What is Being Measured**

When presenting an economic impact report such as this, it is important to clearly outline the nature of such an analysis. In this section, we will clarify what specifically is being measured, why we are measuring it, and the methods we use to analyze this information. Firstly, for the scope of this report, the impact numbers being generated measure full-time jobs. Also, the dollar value

of goods and services produced in an economy are those that result from a direct spending impact (or direct injection as defined below). Specifically:

- **Jobs.** Jobs can be thought of as both the employment, the direct spending by local business, and the jobs created due to the increased demand for goods and services in an economy that results from a direct spending injection.
- **Goods and Services.** The dollar value of goods and services is defined as follows. The IMPLAN model, like all models used for impact analysis, is a “supply meets demand” model. The economy experiences an increase in demand for goods and services because of a direct injection. So, when a company hires workers, purchases supplies, and constructs plant additions, this creates new demand for suppliers who produce the materials (i.e., the goods and services) necessary to meet the company’s needs. This increases sales for other firms in the area, such as transportation firms, office suppliers, local retail outlets, and construction firms, who in turn demand more materials from their suppliers. Those suppliers then produce more. Called the “**multiplier effect**,” this dynamic filters through the economy as more and more firms experience increase demand and thus produce more goods and services to meet this increased demand. All the resulting goods and services have a market value. It is this total market value that is being captured by the dollar value of goods and services **produced** in an economy because of a direct injection.

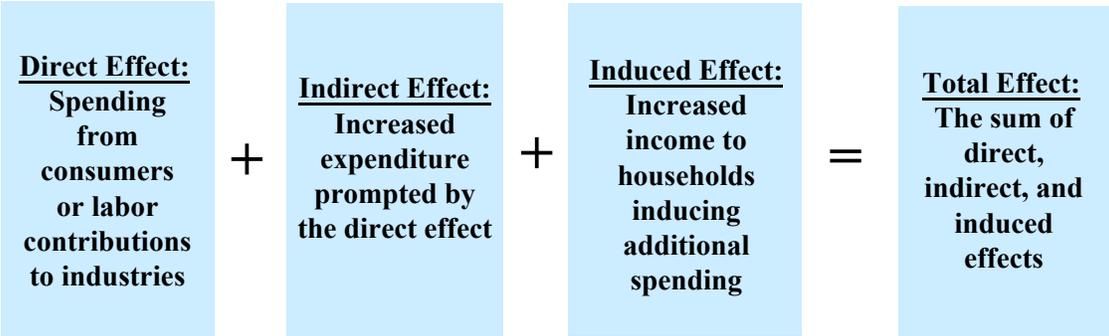
## **Methodology**

Conducting an economic impact analysis requires several components. First, a mathematical, structural depiction, or *structural model*, of an economy is required which includes not only the various sectors (or industries) that comprise the economy, but also incorporates how those sectors are related to one another through the supply chain. This will allow for the construction of “multipliers” - the primary measure of impact. Along with this structural model, a measure of a direct spending injection is needed. This spending data offers a starting point from which we can track the economic activity we wish to measure. Once started, we can then assess the contribution an event, activity, industry, or company makes to an economy. These direct spending measures are of critical importance and will be discussed at length below. Second, a *geographic* delineation is necessary to track spending activity retained in an economy.

***The Structural Model, Direct Spending, and Multipliers***

As stated above, to measure impact, a structural model of the economy that captures the linkages between sectors must be in place. The typical structure of such a model takes the form of an input-output (IO) model. While IO models have been around for many years, they are still widely used to this day.

**Figure 1**  
*The Multiplier Effect*



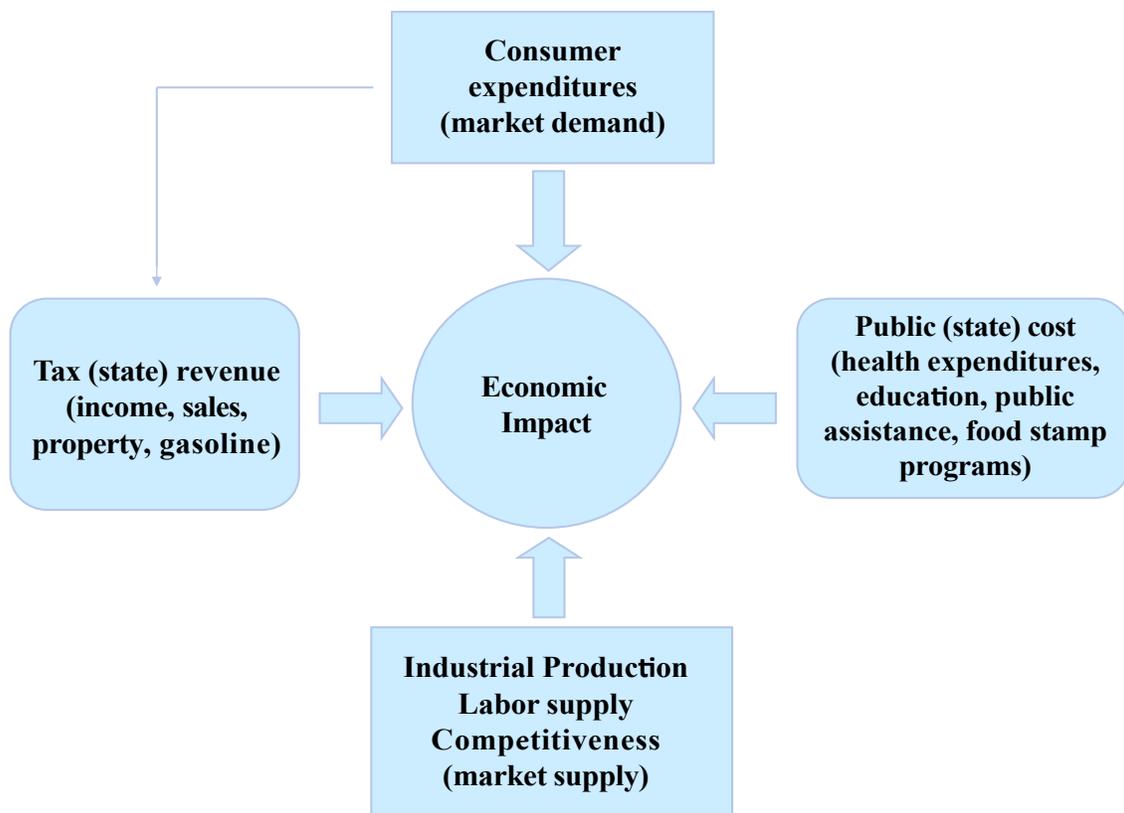
An IO model, originally developed by Economist Wassily Leontief and therefore often called the Leontief model, describes an economy as a series of inter-linked sectors. A stimulus to one sector then impacts many other sectors in the economy, to varying degrees, through forward and backward linkages, or more familiarly, the sector’s supply chain. As spending filters through the economy, we can quantitatively capture this spending through the resulting “multiplier effect.”

The multiplier effect measures the “indirect” and “induced” effects of a direct injection of spending. As a matter of technical exposition, “indirect” effects are those re-spending effects that filter through *other industries* in an economy because of direct spending (much like how a supply chain operates). For instance, suppose direct spending on hotel services boosts demand for cleaning services at these hotels (the first indirect effect). This stimulates demand for cleaning equipment and cleaning products (the second indirect effect). This second indirect effect stimulates demand in yet other sectors, and so on. The sum of all these effects on other industries is the “indirect” effect. The “induced” effect involves labor spending from earned income. All sectors employ people locally. Increased demand for output will likely require additional labor inputs paid

for via wages and salaries. The resulting increase in employee incomes prompts yet more spending locally. This additional spending is the “induced” effect. The continual “re-spending” of the original direct spending accumulates through to the local economy.<sup>2</sup>

The total effect is then the sum of the direct, indirect, and induced effects. From these figures, we obtain multipliers. For example, an increase of \$1.00 on hotel services might result in an additional 55 cents worth of transactions through indirect and induced effects. The result, then, is a multiplier of 1.55. Figure 2 below illustrates this process.

**Figure 2**  
*The Major Elements of an Economic Impact Study*



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<sup>2</sup> References on input-output models are extensive and available upon request from the author.

## ***Geography***

Another important component of economic contribution analysis is geography. Typically, we are engaged in measuring the impact of direct spending on a particular regionally defined economy, such as a state or city. It is important to delineate the geographic extent of the economy because doing so will have a substantial impact on the resulting multipliers. The goal of economic contribution analysis is to determine how much additional economic activity is locally linked to direct spending. It is the *local* spending that determines the multiplier. As an extreme case, if direct spending impacts a sector in the economy whose supply chain is fully *outside* the local economy and whose labor income is completely spent outside the local economy, the multiplier effect would, in effect, be zero. As a general observation, economies with limited geography (and limited economic activity) could have smaller multipliers than economies with larger geographies and more local economic activity.

## ***The Modeling Software***

In terms of the computer software employed in this study, there are several input-output model platforms that can be used for this economic contribution analysis. One of the most common models used is IMPLAN, developed by the Minnesota IMPLAN Group, Inc. (MIG, Inc.).<sup>3</sup> The IMPLAN model provides substantial industry detail (a desirable characteristic as multipliers will vary widely from industry to industry). It also provides substantial detail on direct injections and indirect effects, and is quite flexible in that it allows users to input a variety of market characteristics that may be unique to a particular area of the country. IMPLAN will be used in this analysis.

## **The Impacts Measured in This Report**

Following Decker et al. (2012), as well as Kasarda and Johnson, Jr. (2006), the basic makeup of most impact studies of this nature generally has four elements (see Fig. 2) These elements are:

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<sup>3</sup> For details regarding IMPLAN, visit <http://www.implan.com>.

- **Consumer Expenditures Impact.** This effect focuses attention on the demand side of an economy. A given group, such as first-generation immigrants, will be income earners and will spend income on a variety of locally provided goods and services in certain sectors of the economy. These expenditures are our “direct” injection expenditures. In turn, these expenditures will stimulate further “indirect” spending increases and increased labor earnings, generating the “induced effect.” Taken together, these direct, indirect, and induced expenditures provide a measure of total expenditure impact on an economy.
- **Production Impact.** The production impact measures the effect of an increase/decrease in labor on an economy. This, too, will have a multiplier effect associated with it. For instance, a reduction in the meat processing industry of, say, 100 workers will result in lower output in the meat processing sector. Moreover, because of reduced production and incomes, there will be lower demand for other goods and services in an economy, thus creating an adverse indirect effect on other sectors of the economy. Lower household incomes create an adverse induced effect as well. The total impact is, again, measured by a total multiplier effect.
- **Fiscal Contributions.** Increases in employment, immigrant or otherwise, generates income tax revenue for the state. In addition, sales tax revenue is generated on spending, and excise tax revenue is generated on the sale of gasoline. These fiscal contributions to state and local economies go to support education, health services, road construction and repair, etc. These effects must also be considered as part of the overall impact on an economy.
- **Public Sector Costs.** Increased population, immigrant or otherwise, will place increased pressure on public goods and services. Hence, part of the impact on the economy needs to address this increased demand. As discussed in detail below, in this study we consider expenditures on food stamps, public assistance support supplied by the state of Nebraska, cost of supplying educational services, and state support for health care expenditures. To be sure, there may be other public sectors to consider. However, in Nebraska, these categories tend to be the major sources of public expenditure.

## **Data Sources Utilized for This Immigration Analysis**

Throughout this report, data sources are referenced. However, the primary data source is the American Community Survey (ACS), sampled over the years 2014 to 2019, available from the US Census Bureau. These data samples, adjusted to reflect 2019 estimates, offer researchers the most recent and comprehensive secondary statistical data source of demographic and economic information at the state and county geographic levels. From these data, we obtain information on population and income by demographic group as well as employment by industrial sector. The ACS sample is sufficiently large to offer statistically reliable and detailed information by native, foreign-born, and foreign-born from Latin American and Caribbean countries for our economies of interest: Nebraska and the Omaha MSA.<sup>4</sup> To these data, we apply data from other sources to obtain estimates of necessary economic variables. Details regarding the ACS can be found in Appendix A.

## **Geographic Scope of This Impact Study**

As indicated above, we are focused on Nebraska and the Omaha MSA. The Omaha economy necessitated by ACS sampling characteristics is defined by The US Census Bureau's Public Use Microdata Area (PUMA) region, called the Omaha-Council Bluffs PUMA.<sup>5</sup> The Omaha metropolitan statistical area (MSA) is as defined by the US Congressional Budget Office.<sup>6</sup> While we have more counties in the PUMA than the MSA, the Omaha Economy, from the perspective of IMPLAN, comprises just the MSA. Given that the Iowa and Nebraska counties included in the PUMA but not in the MSA are relatively small in population, this presents no significant limitation to the impact assessment on the MSA.

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<sup>4</sup> For purposes of this report, Mexico, Cuba, Jamaica, and the Dominican Republic, among others, are included under the Latin America and the Caribbean category. The total foreign-born category includes both those from Central and South America as well as the rest of the world. Table A1, in Appendix A, identifies the country of origin for the delineations used in this study.

<sup>5</sup> The PUMA region includes Cass, Dodge, Douglas, Sarpy, Saunders, and Washington Counties in Nebraska, and Cass, Fremont, Harrison, Mills Montgomery, Page, Pottawattamie, and Shelby Counties in Iowa.

<sup>6</sup> The Omaha MSA is comprised of Cass, Douglas, Sarpy, Saunders, and Washington Counties in Nebraska, and Harrison, Mills, and Pottawattamie Counties in Iowa.

## EXPENDITURE IMPACTS OF FIRST-GENERATION FOREIGN-BORN IMMIGRANTS

According to the 2015-2019 American Community Survey, the Omaha-Council Bluffs PUMA had a total population of 931,779 people; almost equally distributed by sex. The median age of the population was 35.7 years, and 85% of this population were 16 years and older, the minimum age used by the US Census Bureau to establish possible participation in the labor force. Nebraska had a total population of 1,914,571 people, with a median age of 36.5 years, and 78% of its people over the age of 16. Table 1 below provides a summary picture of the demographic and earnings figures for the population 16 years and over (16+) in the Omaha-Council Bluffs PUMA study region as well as for Nebraska based on the 2015-2019 American Community Survey.

**Table 1**  
*Summary of Population and Income Characteristics*

	Total	Native-Born	Foreign-Born	Latin American and Caribbean-Born
<b>Omaha-Council Bluffs PUMA</b>				
Population 16 and over	792,628	722,603	70,025	35,690
Mean Income (\$)	\$43,929	\$45,086	\$31,983	\$25,148
Total Income (\$ millions)*	\$34,819	\$32,579	\$2,240	\$898
<b>Nebraska</b>				
Population 16 and over	1,491,123	1,362,235	128,888	70,234
Mean Income (\$)	\$41,191	\$42,240	\$30,107	\$25,605
Total Income (\$ millions)*	\$61,421	\$57,541	\$3,880	\$1,798

Source: U.S. Census Bureau, 2015-2019 ACS Public Use Microdata Samples.

\* 2019 dollars.

These data reflect a few essential elements. In the Omaha-Council Bluffs PUMA, 8.8% of the population 16-and-over (16+) were foreign-born in 2019. In Nebraska, it was 8.6%. For the Latin American and Caribbean born, the population concentrations in the Omaha-Council Bluffs PUMA and Nebraska were 4.5% and 4.7%, respectively. These percentages are up from 3.7% and 3.8% in 2010 as reported in the Decker et al. (2012) study.

Following historical patterns, mean income levels for foreign-born populations in 2019 tended to be lower relative to Native-born mean income levels. That said, mean incomes have increased relative to Decker, Deichert, and Gouveia (2012), report. In Omaha-Council Bluffs PUMA, the mean income for foreign-born and Latin American and Caribbean born individuals

was \$31,983 (up from \$25,549 in 2010) and \$25,148 (up from \$19,966 in 2010), respectively. These values are about 73.1% and 57.1% of the native-born population's mean income levels.

In Nebraska, mean incomes for the entire foreign-born population and for the Latin American and Caribbean born populations were similarly lower (by between 73% and 62%, respectively) than their native-born counterparts. However, income has also increased compared to 2010. Foreign-born groups earn on average \$30,107 state-wide (up from \$22,702 in 2010) and the Latin American and Caribbean born groups earn \$25,605 state-wide (up from \$18,982 in 2010).

Much of this differential is likely due to occupational and demographic differences. Immigrant populations tend to have a higher proportion of younger individuals than the native population and many immigrant jobs tend to be in sectors with comparatively lower wages. The implication of this lower per capita income is that the overall economic impact of immigrant spending in Omaha and Nebraska economies, while still significant, will tend to be lower than their population concentrations would initially suggest.<sup>7</sup> That said, the increase in mean incomes is encouraging and reflects more spending power in the economy, relative to 2010.

## **Expenditure Impacts**

The 2019 consumer expenditures are based on the immigrant income data from ACS. This is done by deducting from the income data federal, state, and payroll income taxes, yielding an estimated after-tax personal income. Also, an estimate of the percent of income remitted to home country was also deducted from immigrant income. Finally, because it is important to track local (within geography) spending we used data from IMPLAN to determine the percentage of spending, on average, that tends to take place outside the local economy (e.g., spending online, vacation spending, etc.). The details regarding these deductions are provided in Appendix B.

For the Omaha MSA, we estimate that the first generation foreign-born spent \$1.3 billion in 2019 locally while the Latin American and Caribbean born spent \$541 million. We also estimate that the foreign-born Nebraska population spent \$2.3 billion in the state whereas the Latin American and Caribbean born spent \$1.1 billion. Table 2 below shows the direct spending values

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<sup>7</sup> Also, it is very common for immigrant populations to remit some of their take-home pay back to families still residing in their respective countries of origin.

used to generate the overall spending impact of the immigrant populations on the Omaha MSA and the state of Nebraska.

**Table 2**

*Economic Impact of Immigrant Spending: Total Value of Production (\$ millions)*

	<b>Direct Injection</b>	<b>Indirect</b>	<b>Induced</b>	<b>Total Impact</b>
Omaha MSA				
Total Foreign-Born	\$1,321	\$541	\$527	\$2,389
Latin American and Caribbean-Born	\$541	\$217	\$223	\$981
Nebraska				
Total Foreign-Born	\$2,288	\$877	\$790	\$3,955
Latin American and Caribbean-Born	\$1,084	\$408	\$388	\$1,880

Source: Author's estimates using IMPLAN. Figures reflect 2019 dollars.

In terms of jobs, IMPLAN estimates jobs per dollar of direct injection to translate spending injections into the employment needed to support that spending. Based on these estimates, the direct spending from the Omaha MSA first-generation foreign-born in 2019 supported an estimated 10,473 jobs. Some 4,422 jobs were needed to support Latin American and Caribbean foreign-born spending.

Similarly, for the state of Nebraska, about 19,116 jobs were needed to support total immigrant spending and 9,274 were needed just for the Latin American and Caribbean group. Again, note that these jobs are **not** necessarily jobs held by immigrants. They are the total jobs necessary to support the level of spending immigrants are engaged in. Job holders can come from any segment of the population. Table 3 shows the jobs, irrespective of immigrant status, that are directly generated to support this spending.

**Table 3**

*Employment Impact of Immigrant Spending: (# jobs)*

	<b>Direct Injection</b>	<b>Indirect</b>	<b>Induced</b>	<b>Total Impact</b>
Omaha MSA				
Total Foreign-Born	10,473	3,239	3,815	17,527
Latin American and Caribbean-Born	4,422	1,309	1,622	7,354
Nebraska				
Total Foreign-Born	19,116	5,382	5,943	30,441
Latin American and Caribbean-Born	9,274	2,519	2,921	14,715

Source: Author's estimates using IMPLAN.

To capture the total economic impact, the spending figures were input into IMPLAN to generate the overall impact of such spending on the two different economies. As shown in Table 2, the direct expenditure by the Omaha MSA foreign-born population resulted in \$541 million in indirect and \$527 million in induced expenditures, resulting in a total impact of \$2.4 billion worth of goods and services production to the region's economy in 2019. The resulting output multiplier is 1.81, which is the result of dividing total impact (\$2.4 billion) by the direct injection (\$1.3 billion). This indicates that for every dollar spent by the state's immigrant population in 2019, 81 additional cents were created through indirect and induced effects. Similarly, the total impact of the Latin American and Caribbean immigrants in the Omaha MSA was \$981 million.

For Nebraska, the direct expenditure by the Omaha MSA foreign-born population resulted in \$877 million in indirect and \$790 million in induced expenditures, resulting in a total impact of \$4.0 billion to the region's economy in 2019. The resulting output multiplier is 1.71. Similarly, the total impact of the Latin American and Caribbean immigrants in the Omaha MSA was \$1.9 billion.

Spending by immigrants in the Omaha MSA economy created 17,527 jobs, through indirect and induced effects (see Table 3 above). The employment multiplier here is 1.67, suggesting that for every job immigrant spending supports an additional 0.67 jobs are created. This is in line with the overall economy's jobs multiplier of 1.6. Spending by Latin American and Caribbean born consumers, specifically in the Omaha MSA, generated 7,354 jobs in 2019. In Nebraska, spending by foreign-born individuals generated 30,441 jobs in 2019, through indirect and induced effects. Spending by the Latin American and Caribbean group supported a total of 14,715 jobs in 2019.

While some direct comparisons are difficult to make between immigrant populations and their native-born counterparts, consider the following: the total economic impact of the native-born population on Nebraska in 2019 (not reported but details are available upon request), was estimated to be \$56.5 billion, much larger than the immigrant spending effect due mostly to the larger native population and higher income levels. However, the per Native-born Nebraska resident contribution was \$41,499 (\$56.5 billion/1,362,235 individuals). Their mean income level

is \$42,239. Notice that their contribution to total impact, although close, is less than their mean income levels.<sup>8</sup>

The immigrant population per Nebraska immigrant impact in 2019 was \$30,685 (\$4.0 billion/ 128,888 individuals). Their mean income levels were \$30,107. Again, while the two figures are close, the immigrant group produces a bit more in total impact than they earn in salary on average.

## **PRODUCTION IMPACT**

The foreign-born population 16 and older (16+) accounted for 8.8% of this age group's total population in the Omaha-Council Bluffs PUMA in 2019. In Nebraska it accounted for 8.6%. Immigrants of Latin American and Caribbean origin accounted for 4.5% and 4.7% of the total population 16+ in the Omaha-Council Bluffs PUMA, and Nebraska, respectively. However, those 16 and older immigrants born in Latin American and the Caribbean are 51% and 55% of all immigrants of the same age group on each of these geographies (see Table 1 above). These groups' labor force contributions are considerably higher in certain key sectors: Construction; animal slaughtering and processing; and restaurants and other food services.

In this section, we estimate the likely impact on state and regional economies if this labor force were, in effect, unavailable. In doing this experiment, we identified the three sectors listed above that tend to rely heavily on immigrant labor (primarily Latin American and Caribbean immigrant labor) and where many immigrants find work. Table 4 summarizes these employment figures.

For the Omaha-Council Bluffs PUMA, 6,073 immigrants were employed in construction in 2019, accounting for 14% of total construction employment (Latin American and Caribbean immigrants account for nearly all of this, making up 13% of total construction employment). In animal slaughtering and processing, immigrants accounted for 5,650 jobs or 53% of total employment. Latin American and Caribbean born immigrants accounted for 3,208 of these jobs or 30% of the total.

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<sup>8</sup> A savings rate roughly equivalent to the immigrant population's remittance rate was assumed. The most recent data suggest that the national savings rate is around 13.6%.

**Table 4**  
*Employment Summary Data*

	Native-Born		Foreign-born		Latin American and Caribbean-Born	
	Employed	%	Employed	%	Employed	%
Omaha-Council Bluffs PUMA	586,819	91	55,325	9	28,530	4
Construction	38,132	86	6,073	14	5,618	13
Mfg.-Animal slaughtering and processing	5,016	47	5,650	53	3,208	30
Restaurants and other food services	28,844	88	4,068	12	2,654	8
<i>Percent of total employment*</i>	<i>12</i>		<i>29</i>		<i>40</i>	
Nebraska	1,208,264	91	103,084	9	57,677	5
Construction	71,505	86	11,281	14	10,248	12
Mfg.-Animal slaughtering and processing	9,699	39	15,075	61	10,612	43
Restaurants and other food services	56,574	90	6,436	10	4,121	7
<i>Percent of total employment*</i>	<i>12</i>		<i>32</i>		<i>43</i>	

Source: U.S. Census Bureau, 2015-2019 ACS Public Use Microdata Samples.

\* Figures reflect the percent of total jobs these three sectors account for, stratified by demographic group.

In Nebraska, immigrant labor in construction, animal slaughtering and processing, and food services accounted for 14%, 61%, and 10%, respectively, of each sector's total. Immigrants from Central/South America accounted for 12%, 43%, and 7%, respectively, for these three sectors.

While not shown, it is worth pointing out that when compared to 2010, the immigrant mix of employment across these three sectors is a bit different. For instance, in the Omaha-Council Bluffs PUMA and Nebraska, immigrant employment in animal slaughtering and processing was higher in 2010. Immigrant employment accounted for 54% and 62%, respectively, in the Omaha-Council Bluffs PUMA and Nebraska. With the Latin American and Caribbean population, the differences are more striking. In 2010, this group accounted for 46% of the total in animal slaughtering and processing in both the PUMA and the state. This percentage slipped to 43% in the state and a substantial reduction to 30% in the PUMA in 2019.

That said, the number of immigrants employed in the other two groups increased between 2010 and 2019. The immigrant group now accounts for 14% of total construction jobs (an increase

of about 2,000 jobs in the PUMA and 3,000 in the state). Jobs in restaurants and other food services employment is up as well in both the state and PUMA.

Overall, across these three sectors, total immigrant employment has increased between 2010 and 2019. In 2010, total immigrant employment in the PUMA was 13,570. In 2019, it was 15,791. The increase in the Latin American and Caribbean jobs was much smaller but still was an increase. In 2010, it was 11,387, in 2019, it was 11,480.

For Nebraska, across all three sectors, immigrant employment increased between 2010 and 2019, from 29,277 to 32,792. For the Latin American and Caribbean group, jobs increased from 22,490 to 24,981.

In short, the total jobs are up relative to 2010, but the mix across different sectors is different. As we will see, this will influence the economic impact figures.

## Production Impacts

We interpret these employment figures as the immigrant labor force deployed in each of the above-mentioned sectors and use IMPLAN to ascertain the total impact this labor force has on the Omaha MSA and Nebraska economies.<sup>9</sup> Table 5 summarizes the production impact.<sup>10</sup>

**Table 5**  
*Economic Impact of Total Immigrant Employment in Construction, Animal Slaughtering and Processing, and Food Services: Total Value of Output (\$ millions)*

	<b>Direct Injection</b>	<b>Indirect</b>	<b>Induced</b>	<b>Total Impact</b>
Omaha MSA				
Total Foreign-Born	\$4,399	\$2,136	\$1,357	\$7,893
Latin American and Caribbean-Born	\$2,878	\$1,381	\$967	\$5,226
Nebraska				
Total Foreign-Born	\$10,504	\$8,396	\$3,070	\$21,971
Latin American and Caribbean-Born	\$7,725	\$6,059	\$2,297	\$16,080

Source: Author's estimates using IMPLAN Figures reflect 2019 dollars.

<sup>9</sup> It is possible that if this labor force were not available, there could be sufficient native-born workers available in their place. However, the current models and data do not permit an effective analysis for this potential counterfactual. All we truly know is that this immigrant labor is available and is deployed. As such, with this analysis, we are effectively demonstrating here what this group's contributions actually are. Once done, readers can infer what the potential impact on the economy **might be** should this labor force no longer be available.

<sup>10</sup> IMPLAN's industry delineations differ from the ACS. Refer to Appendix C for an explanation of how the IMPLAN industries to the ACS was mapped.

For the Omaha MSA economy, the total impact of immigrant employment in the three above-identified sectors was \$7.9 billion. This represents a multiplier of about 1.80, implying that for every dollar of production generated by this labor force in these three sectors, the overall Omaha MSA economy experiences an additional 80 cents worth of goods and services production due to indirect and induces effects. The overall economy's median production multiplier, according to IMPLAN is 1.62. Hence, the impact from these sectors, resulting from immigration employment, is higher than average for the economy. For the Latin American and Caribbean born group, their total impact was \$5.2 billion in 2019.

For the Nebraska economy, the total impact of immigrant employment in the three above-identified sectors was \$22.0 billion. This represents a multiplier of about 2.10, implying that for every dollar of production generated by this labor force in these three sectors, the overall Nebraska economy experiences an additional dollar worth of goods and services production due to indirect and induces effects. The overall Nebraska economy's median production multiplier, according to IMPLAN is 1.56. Hence, the impact from these sectors, resulting from immigration employment population, is substantially higher than average for the economy. For the Latin American and Caribbean born group, their total impact was \$16.1 billion in 2019.

### **Employment Impacts**

In the Omaha MSA, from the 15,791 immigrants employed in construction, animal slaughtering and processing, and food services, an additional 21,480 jobs are created through indirect and induced effects, for a total of 37,271 jobs generated in 2019. This is shown in Table 6 below, which reports the jobs impact from this immigrant labor force availability. This represents an employment multiplier of 2.4. So, an immigrant employed in one of these sectors will ultimately support an additional 1.4 jobs. The overall median employment multiplier for the Omaha MSA is 1.65. Therefore, these sectors where immigrant employment is so prominent have a significantly higher than average job impact on the economy.

Those born in Latin America and the Caribbean also generated a sizable impact in 2019. Total jobs linked to this group's direct 11,480 employment levels totaled 26,261 jobs generated economy-wide.

**Table 6**

*Employment Impact of Total Immigrant Employment in Construction, Animal Slaughtering and Processing, and Food Services: (# jobs)*

	<b>Direct Injection</b>	<b>Indirect</b>	<b>Induced</b>	<b>Total Impact</b>
Omaha MSA				
Total Foreign-Born	15,791	11,625	9,855	37,271
Latin American and Caribbean-Born	11,480	7,760	7,021	26,261
Nebraska				
Total Foreign-Born	32,792	37,957	23,660	94,409
Latin American and Caribbean-Born	24,981	27,832	17,703	70,516

Source: Author's estimates using IMPLAN.

In Nebraska, the 32,792 immigrants employed in construction, animal slaughtering and processing, and food services, created an additional 61,617 jobs through indirect and induced effects, for a total of 94,409 jobs in 2019. This represents an impressive employment multiplier of 2.9. Hence, an immigrant employed in one of these sectors will ultimately support close to an additional 2 jobs. The overall median employment multiplier for the state is 1.80. Again, as was the case with the MSA, these sectors where immigrant employment is so prominent have a significantly higher than average job impact on the economy.

As shown in Table 6, the Latin American and Caribbean group held 24,981 jobs across the construction, animal processing, and food services sectors. Through indirect and induced effects, a total of 70,516 jobs were supported by this labor force.

### **FISCAL CONTRIBUTIONS AND SOCIAL COST PRESSURES FROM THE IMMIGRANT POPULATION IN THE STATE OF NEBRASKA**

In addition to their economic impact, immigrant groups also both contribute to, and draw from, public resources. There is ample evidence that immigrant groups pay into public coffers, in the form of sales taxes, and more often than not, either directly or indirectly, through income and payroll taxes.

Moreover, like all groups in society, immigrant groups tap into public services from time to time. Be that in health services, educational services, or public assistance, immigrant populations do utilize such programs.

A common question is: do immigrants draw more out of public services than they pay in relative to their native-born counterparts? Interestingly, much of the available, albeit limited, evidence suggests the answer to this is no. Many studies have found that the state's immigrant population tends to "pay in" as much, if not more, than they receive from state and local services relative to their native-born counterparts (e.g., Garvey, Espenshade, and Scully (2002), and Kasarda and Johnson, Jr. (2006)).

Following Decker et al. (2012), we attempt, to the extent possible, to assess this "pay-in" (contributions to government) versus "draw-out" (government costs) issue in Nebraska. Given data limitations, the focus here will be on state government costs and contributions only. Moreover, data limitations also force us to restrict our attention to what can be reliably estimated. The result is, for what we can measure, the best strategy to compare the immigrant and native-born population's costs and contributions.

### **Costs and Contributions**

Contributions to state governments come from several sources. We consider three: income taxes, sales taxes, and energy (gas) excise taxes paid to the state. Table 7 shows, based upon 2019 estimates, the percent of total contributions for these three revenue sources coming from each demographic group for Nebraska. Costs are comprised of public assistance, state-contributions to Medicaid expenditures, and education spending. Summing the foreign-born and native-born percentages yields 100%.<sup>11</sup>

The main reason for showing percentages rather than dollar values is as follows. Since we can't compile a complete set of contributions, dollar value totals and comparisons can be misleading. However, a comparison based upon percentage contributions from each demographic group can offer some insight. This is also true for public costs. Since a complete set of public expenditure estimates would be quite involved and well beyond the scope of this study, the dollar value of cost estimates is not useful in this context. Yet, of the cost categories we can offer estimates for, the percent of public expenditures going to meet the needs of our various demographic groups can offer some information regarding the pressure these groups place on these

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<sup>11</sup> Central and South American immigrants are a sub-group within the foreign-born group and therefore their contributions and costs are subsumed within the foreign-born figures.

state-support public programs. Details on how estimates were constructed are supplied in Appendix D.

**Table 7**  
*Fiscal Contributions and Costs in Nebraska, 2019 (in percentages)*

	Native-Born	Foreign-Born	Latin American and Caribbean-Born
<b>Contributions</b>			
State Income taxes	94.6	5.4	2.4
State Sales taxes	93.4	6.6	3.1
State Gasoline taxes	93.2	6.8	2.7
<b>Total</b>	94.2	5.8	2.6
<b>Costs</b>			
Public Assistance	88.0	12.0	6.3
Medicaid	93.4	6.6	2.3
Education	96.5	3.5	1.4
<b>Total</b>	94.8	5.2	2.1
<i>Ratio of contributions to costs</i>	<i>0.99</i>	<i>1.10</i>	<i>1.20</i>

Source: Author's estimates drawn from various sources.

Nebraska's foreign-born population accounted for 5.4% of state income tax, 6.6% of state sales tax revenue and 6.8% of state gas tax revenue. Overall then, the state's immigrant population accounted for 5.8% of measured contributions to state coffers. Within this group, those born in Latin America and the Caribbean accounted for 2.6%. Notice for both groups, their respective percentages are relatively higher in sales and gas tax revenues collected than in income.

The native-born, due to their much larger population, accounted for 94.2% of these contributions. Notice further that this group's highest contributing percentage is through income tax collections. Much of this is due to the higher average incomes native-born populations have when compared to the immigrant base.

In terms of what these groups "draw out" as a cost to government, the immigrant population accounted for 5.2% of estimated costs, with those born in Latin America and the Caribbean accounting for 2.1%. The native-born group accounts for 94.8% of these costs.

In terms of the cost breakdown, immigrant groups do account for 12% of public assistance spending, 6.6% of Medicaid spending, and 3.5% of education spending. The mix is different for

the native group who accounted for 88% of public assistance, 93.4% of Medicaid, and 94.8% of education.

In short, immigrants tend to tap into public assistance more than the other categories. This could be due to the economic vulnerability of these immigrant groups, at least when compared to the native-born counterpart. Incomes do tend to be lower and unemployment rates historically tend to be higher for these groups than for the native-born as they tend to tap into education more-so than the other categories. This is likely due to the significantly larger native-born population aged 5 to 17.

Perhaps the most telling part of the figures presented in Table 7 is the ratio of contributions to cost by group. For the native-born group, the contribution percentage is nearly identical to the cost percentage, suggesting a degree of balance in what they pay in versus what they draw out.

However, for the immigrant groups, the data suggest that, with the categories we have measured here, they tend to pay in slightly more than they draw out. The ratio for total immigrants is 1.1, suggesting they pay in about 10% more (as a share of total) than they draw out (as a percent of total). The ratio is even higher for the Central and South American born group. Their ratio is 1.2, suggesting they pay in about 20% more (as a share of total), than they draw out (as a percent of total). The major difference appears to be on the education side, likely due to the relatively smaller population aged 5 to 17 (when compared to the total immigrant and native groups).

These results, though a bit limited in scope, are compelling and tend to confirm other studies that find similar results. (e.g., Garvey, Espenshade, and Scully (2002)).

## **COMPARATIVE ANALYSIS**

In this section, we offer a few points of comparison between the impact results presented here and the Decker, Deichert, and Gouveia (2012) study that looked at the 2010 impact values.

### **Spending Impact Comparison**

Spending impacts on both total production and jobs from both the current and 2012 study can be seen in Table 8 below.

**Table 8**  
*Economic Impact of Immigrant Spending Comparison*

	Total Value of Output (\$ millions)			
	2010		2019	
	Direct Injection	Total Impact	Direct Injection	Total Impact
Nebraska				
Foreign-Born	\$1,392	\$2,151	\$2,288	\$3,955
Latin American and Caribbean-Born	\$621	\$949	\$1,084	\$1,880
Omaha MSA				
Foreign-Born	\$834	\$1,393	\$1,321	\$2,389
Latin American and Caribbean-Born	\$329	\$543	\$541	\$981

	Number of Jobs			
	2010		2019	
	Direct Injection	Total Impact	Direct Injection	Total Impact
Nebraska				
Foreign-Born	11,177	17,478	19,116	30,441
Latin American and Caribbean-Born	4,988	7,799	9,274	14,715
Omaha MSA				
Foreign-Born	5,179	8,315	10,473	17,527
Latin American and Caribbean-Born	2,043	3,280	4,422	7,354

Source: Author's estimates using IMPLAN Figures reflect 2019 dollars.

In terms of the production impact differences, the impacts values are across the board larger in 2019 relative to 2010. The total impact of \$4.0 billion from Nebraska's first-generation foreign-born population is almost twice that of the same group's impact in 2010 (\$2.2 billion). For the Latin American and Caribbean *subgroup*, the impact in 2019 (\$1.8 billion) is, again substantially higher than in 2010 (\$949 million).

Similar increases are also seen in the Omaha MSA, where the total immigrant impact in 2019 was \$2.3 billion, whereas only nine years earlier it was \$1.4 billion. For the subgroup, from an impact of \$543 million in 2010, we have seen an increase to \$981 million.

Also, as seen from Table 8, the jobs impact has increased substantially as well. In Nebraska, the total jobs impact from immigrants went from 17,478 to 30,441, and for the immigrant subgroup we went from 7,799 to 14,715. These jobs figures have nearly doubled in just nine years.

Similarly, for the Omaha MSA, the job impact has nearly doubled as well. In 2019, the total immigrant spending impact led to 17,527 jobs, up from 8,315 in 2010. For the Latin American and Caribbean subgroup, the increase went from 3,280 in 2010 to 7,354 in 2019.

The reasons for these increases are varied. For example, an economy’s multipliers often change, sometimes substantially, over time as new businesses in new sectors open and more jobs are created.

However, in this case, the main reason for these increases in impact is that immigrant incomes have increased. The direct injections reflect this increase in immigrant income between 2010 and 2019. This increased income generated increased spending. The result is that indirect and induced effects are increased as well, further lifting the total impact. As immigrant groups have experienced economic success, the rest of the economy benefited in the form of more jobs and the production and sale of goods and services.

### **Production Impact Comparison**

Furthermore, Table 9 below shows the employment impacts on both total production and jobs from both the current and 2012 study.

**Table 9**  
*Economic Impact of Immigrant Employment in Key Sectors*

	<b>Total Value of Output (\$ millions)</b>			
	<b>2010</b>		<b>2019</b>	
	<b>Direct Injection</b>	<b>Total Impact</b>	<b>Direct Injection</b>	<b>Total Impact</b>
Nebraska				
Foreign-Born	\$8,646	\$18,155	\$10,504	\$21,971
Latin American and Caribbean-Born	\$6,528	\$13,646	\$7,725	\$16,080
Omaha MSA				
Foreign-Born	\$3,377	\$6,476	\$4,399	\$7,893
Latin American and Caribbean-Born	\$2,915	\$5,588	\$2,878	\$5,226

Table 9 (cont'd)

	Number of Jobs			
	2010		2019	
	Direct Injection	Total Impact	Direct Injection	Total Impact
Nebraska				
Foreign-Born	29,227	82,032	32,792	94,409
Latin American and Caribbean-Born	22,490	62,389	24,981	70,516
Omaha MSA				
Foreign-Born	13,570	33,952	15,791	37,271
Latin American and Caribbean-Born	11,387	29,018	11,480	26,261

Source: Author's estimates using IMPLAN Figures reflect 2019 dollars.

To provide some context, in terms of overall population changes, between 2010 and 2019 the total 16+ immigrant population in Nebraska increased from 95,734 to 128,888, a 35% increase. In the Omaha area, the total immigrant increase was 50,988 in 2010 to 70,035 in 2019, a 37% change. For those born in Latin American and the Caribbean, the increase between 2010 and 2019 was 17,551 (a 33% increase) in Nebraska, and 8,729 (a 32% increase) in the Omaha MSA.

In terms of the economic impacts reported in these two studies, while the figures reflect demographic changes, there are some other elements that need to be addressed. With respect to production and job impacts in Nebraska, the 2019 data reflected a higher degree of impact than was found in 2010. With regards to the Nebraska jobs impact, this was also found to be the case, with the 2019 jobs numbers showing a greater impact than the 2010 numbers. The total 2019 impact from foreign-born workers was \$22.0 billion, up from \$18.2 billion in 2010. And the total job impact was 94,409 in 2019, up from 82,023 nine years earlier. We observe similar increases for the Latin American and Caribbean subgroup. Much of this increase can be attributed to the overall increase in immigrant employment in the construction, animal slaughtering and processing, and food services industries.

However, when we look at the Omaha MSA, we observe a few differences. First, for the total production impact, those values are larger in 2019 than in 2010, but interestingly not as much as they seem to be at the state level. Indeed, for the foreign-born, the impact went from \$6.5 billion in 2010 to \$7.9 billion in 2019. Moreover, with regards to the employment impact, while we see an increase in jobs for the foreign-born, from 33,952 in 2010 to 37,271, we observe a fall in the

total jobs impact for the Latin American and Caribbean subgroup, from 29,018 in 2010 to 16,261 in 2019.

So, one might wonder as to the cause of the drop in the subgroup's employment impact. After all, total direct jobs were higher in 2019 (up to 11,480 from 11,387). The main reasons come from three conditions. First, the direct jobs increase, while an increase, is still a relatively small one (less than 100 jobs). Second, employment multipliers are different in 2019 than in 2010 for the three sectors of interest (construction, animal slaughtering and processing, and food services). They are, in general, a bit smaller. The reasons are complex, but this is likely due to certain businesses relocating outside the MSA area as often happens as cheaper commercial land becomes available.

Third, and perhaps most importantly, the mix of jobs did change quite a bit for this group. Total jobs increased, but jobs in animal slaughtering and processing were smaller in 2019 than in 2010 and they were higher in construction and food services. The animal slaughtering and processing sector has much larger multipliers than the other two sectors. In 2019, the multiplier was on the order of 3.4, compared to construction (2.1) and food services (1.3). As a result, the overall jobs impact on the Omaha MSA was smaller for this immigrant subgroup in 2019 relative to 2010.

Overall, however, the impacts are generally larger, suggesting that the immigrant community still plays a substantial role in Nebraska's economy.

### **State Contributions and Cost Comparison**

In general, it appears that the native-born population has been quite consistent in paying into public coffers by about as much as they draw from public services. Table 10 summarizes the key differences between the 2019 fiscal story and the 2010 fiscal story.

**Table 10**  
*Fiscal Costs/Contributions Comparison (in percentages)*

	Native Born		Foreign Born		Latin American and Caribbean Born	
	2010	2019	2010	2019	2010	2019
Total Contributions	1.1	94.2	4.3	5.8	2	2.6
Total Costs	1.1	94.8	4.1	5.2	2	2.1
<i>Ratio</i>	<i>0.98</i>	<i>0.99</i>	<i>1.05</i>	<i>1.1</i>	<i>1</i>	<i>1.2</i>

Source: Author's estimates drawn from various sources.

The immigrant population has not only consistently contributed more to the state in taxes than it draws out in services, but we have also seen some increase in the proportion of contributions to costs. This is particularly the case with the Latin American and Caribbean group, whose ratio increased from 1.0 in 2010, to 1.2 in 2019.

## CONCLUSION AND FUTURE RESEARCH

This study has attempted to quantitatively measure the impact of immigrant populations on the Omaha MSA and Nebraska economies with some attention paid to Latin American immigrant groups.

From this analysis, it is clear that immigrant groups do contribute significantly to the MSA and state economies, both from their spending behavior and by providing labor. Moreover, based on what we can measure, there is little evidence to support the idea that immigrant groups draw more from public programs than they pay in, when compared to the native-born group. Some evidence seems to suggest that immigrant groups pay in more than they draw out, while the native-born group seems to pay in just about the same as they draw out.

It should always be acknowledged that there are limitations to this research approach. First, the issue of documented versus undocumented immigrant populations is important, at least from a public sector perspective. From an economic impact assessment, assuming (reasonably) that immigrants have similar incomes and exhibit similar spending habits irrespective of legal status, then the expenditure multipliers will be the same. Moreover, if this undocumented group is employed in similar jobs to those documented immigrants, then again, the multipliers will be the same. Unfortunately, detailed data is sparse. However, if one did have data on employment and population characteristics for the undocumented immigrant group, then one could reasonably

estimate their impact as a percentage of the impact values measured in this report.<sup>12</sup> In short, from the economic impact perspective, there may be little to gain from focusing on the undocumented immigrant group unless more reliable detailed income and expenditure data can be found to refine any direct effect measurements.

Second, the fiscal impact may be a useful avenue for future research. While Pearson and Sheehan (2007) and others have articulated that undocumented immigrants do pay property, sales, and income taxes, and tend to access the medical care system at rates much lower than Native-born citizens, there are still too many unknowns, particularly at the regional level, about the nature and extent of the undocumented immigrant population to make any definitive conclusions. Hence, more research here may be in order.

Third, since it is clear that the sectors where immigrants are finding employment is changing over time, it would be beneficial to assess the total production impact of the immigrant population across all sectors. Focusing on the impact that the immigrant population makes through their direct employment in construction, animal slaughtering and processing, and food services is instructive since these sectors tend to hire many immigrants. However, this dynamic may be changing. If so, the impacts will change. Such a production assessment involving all sectors in the economy is a tall order to be sure. But it would be beneficial to undertake.

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<sup>12</sup> This is possible due to the inherent linearity of IO models. For example, if data revealed that the total undocumented population was 20% of the total foreign born population in 2019, then the resulting total spending impact of this group would be estimated at 20% of the foreign born's total impact.

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**APPENDIX A**  
**AMERICAN COMMUNITY SURVEY PUBLIC USE MICRODATA SAMPLE**

Many of the values used in this report use data from the Public Use Microdata Sample (PUMS) from the U.S. Census Bureau's 2015-2019 American Community Survey (ACS). Nationally, the ACS samples nearly 3 million addresses each year, resulting in nearly 2 million final interviews. In addition to the housing units, the ACS includes approximately 1 in 40 persons living in group quarters.

The annual ACS sample is smaller than that of the Census 2000 long-form sample, which included about 18 million housing units. As a result, the ACS needs to combine population or housing data from multiple years to produce reliable numbers for small counties, neighborhoods, and other local areas. To provide information for these areas, each year the ACS provides 5-year estimates. The primary advantage of using multiyear estimates is the increased statistical reliability.

The PUMS file includes detailed country of origin information to aggregate foreign-born Nebraska residents who come from Latin American and Caribbean countries, including, among others, Mexico, Cuba, Jamaica, and the Dominican Republic. Our total foreign-born group includes both those from Central/South America as well as the rest of the world. Table A1 below identifies the country of origin for the delineations used in this study.

**Table A***Place of Birth - Country Breakdown*

<b>Latin American and Caribbean</b>		<b>Rest of World</b>					
Latin America	Caribbean	Europe & Canada		Asia & Middle East		Africa, Australia & Pacific Islands	
Argentina	Antigua & Barbuda	Canada	Albania	Afghanistan	Bangladesh	Algeria	Cameroon
Bolivia	Bahamas	Armenia	Austria	China	Hong Kong	Cape Verde	Egypt
Brazil	Barbados	Azerbaijan	Belarus	India	Indonesia	Ethiopia	Eritrea
Chile	Bermuda	Belgium	Bosnia & Herzegovina	Iran	Iraq	Ghana	Guinea
Colombia	Belize	Bulgaria	Croatia	Israel	Japan	Kenya	Liberia
Costa Rica	Dominica	Czech Republic	England	Jordan	Korea	Morocco	Nigeria
Cuba	Grenada	Estonia	Finland	Kazakhstan	Kuwait	Senegal	Sierra Leone
Dominican Republic	Guyana	France	Georgia	Laos	Lebanon	Somalia	South Africa
Ecuador	Jamaica	Germany	Greece	Malaysia	Myanmar	Sudan	Tanzania
El Salvador	St. Kitts-Nevis	Hungary	Iceland	Nepal	Pakistan	Uganda	Zimbabwe
Guatemala	St. Lucia	Ireland	Italy	Philippines	Saudi Arabia	Australia	Fiji
Haiti	St. Vincent & the Grenadines	Latvia	Lithuania	Singapore	Sri Lanka	Micronesia	New Zealand
Honduras	Surinam	Macedonia	Moldova	Syria	Taiwan	Tonga	Samoa
Mexico	Trinidad & Tobago	Netherlands	Northern Ireland	Thailand	Turkey		
Nicaragua		Norway	Poland	Uzbekistan	Vietnam		
Panama		Portugal	Romania	Yemen			
Paraguay		Russia	Scotland				
Peru		Slovakia	Spain				
Uruguay		Sweden	Switzerland				
Venezuela		Yugoslavia					
		Ukraine					

## **APPENDIX B CALCULATING DIRECT SPENDING INJECTIONS FROM INCOME DATA. AFTER-TAX INCOME**

To calculate after-tax income, we generated an effective federal and state income tax rate by using mean income measures for our demographic groups and applied various marginal tax rates as supplied by a variety of sources on marginal tax rates. We obtained data on federal marginal tax rates from the following website: <https://taxfoundation.org/2019-tax-brackets/>. Nebraska tax bracket information was found at <https://www.tax-brackets.org/nebraskataxtable>.

We then applied these tax rates to various levels of income up to the level of mean personal income. These rates are available upon request. An additional income deduction is the payroll tax. This is roughly 15%, and it is assumed that half this tax is borne by workers.

Applying these three deductions gives us a measure of after-tax income. This is done by taking the total income for each group in each area and calculating:

$$\text{After tax income} = (\text{Before tax income from ACS}) * (1 - \text{Tax}_{\text{fed}} - \text{Tax}_{\text{state}} - \text{Tax}_{\text{payroll}})$$

### **Remittances**

Once these after-tax figures are calculated, we need to deduct the income immigrant populations tend to send to their region of origin, i.e., remittances, as these represent leakage from the local economy. Recent data on remittances at the state level is not available. To proxy this, we collected data from the World Bank on remittances from the US to other countries. This data can be found at [Migration and Remittances Data \(worldbank.org\)](https://data.worldbank.org/SD/SH.UY.CD). To this data, we calculated an average US immigrant's remittance per year using a total US immigrant population figure from Pew Research (<https://www.pewresearch.org/hispanic/2020/08/20/facts-on-u-s-immigrants/>).

Once this figure was calculated, we estimated this value's share to after-tax personal income for Nebraska, available from ACS. This amounted to 13.26%. Hence, we deduced from after-tax income for each immigrant group this percentage:

$$\text{After remittance income} = (\text{After tax income}) * (1 - 0.1326)$$

## Local Spending

Finally, we need to determine how much of the after-remittance income was spent locally and how much was spent outside of the region. When spending leaves the local economy, it is counted as a “leakage” that does not impact the local economy, but rather the economy where the money is spent. For instance, when online purchases are made, perhaps through Amazon, such orders are likely being filled elsewhere by workers in other states, etc. This is a type of leakage.

The modeling software employed, IMPLAN, provides estimates of local (or regional) purchasing coefficients (RPCs). These coefficients estimate the percentage of spending on goods and services that occurs locally. For example, grocery stores have a 99% PRC in the Nebraska economy, indicating that nearly all the grocery spending takes place within the state. RPCs vary by industry so using IMPLAN we found the average RPC value for both the Omaha MSA and Nebraska. This was approximately 80%. Therefore, to get to the after-tax, after remittance, local spending that we use to determine the total spending impact, we deducted 20% from after remittance spending.

$$\text{Local spending} = (\text{After remittance income}) * (1 - 0.20)$$

This was done for each immigrant group, leaving us with the direct injection spending figures reported in Table 2.

## Distributing Income Throughout the Economy

With aid from IMPLAN, a set of figures was developed that estimated, for a given income range, the share of one dollar’s worth of expenditure on each of a set of 344 industrial sectors. For instance, individuals earning between \$30,000 and \$40,000 per year spent 1.6% of their disposable income in the electricity generation sector. These expenditure shares were derived from a variety of different sources, such as *Consumer Expenditure Survey* publications provided by the US Bureau of Labor Statistics (see, <http://www.bls.gov/cex/home.htm>) and the Bureau of Economic Analysis (<http://www.bea.gov>).

Once this distribution is in place, we use IMPLAN to generate the resulting indirect, induced, and total impacts.

**APPENDIX C**  
**SECTORS USED TO CAPTURE THE IMPACT OF EMPLOYMENT IN**  
**CONSTRUCTION, ANIMAL SLAUGHTERING AND PROCESSING, AND FOOD**  
**SERVICES.**

Within IMPLAN there are a number of construction, animal slaughtering and processing, and food services sectors. These don't map exactly to the ACS delineation, so we proxy each of these three sectors using the following IMPLAN sectors. Once in place, we can use the resulting multipliers to calculate the indirect and induced effects from the employment figures for each immigrant group from ACS.

**Construction**

- Construction of new single-family residential structures
- Construction of new multifamily residential structures
- Construction of other new residential structures
- Maintenance and repair construction of nonresidential structures

**Animal Slaughtering and Processing**

- Animal, except poultry, slaughtering
- Meat processed from carcasses
- Rendering and meat byproduct processing

**Food Services**

- Full-service restaurants
- Limited-service restaurants
- All other food and drinking places

## **APPENDIX D**

### **CALCULATIONS OF PUBLIC CONTRIBUTIONS AND COSTS ESTIMATES**

As indicated in the text, the fiscal impact analysis focuses on state-level tax contributions from, and state-level public expenditures on, Native-born, foreign-born, and Latin American and Caribbean born persons in Nebraska in 2019. Offering a complete ledger of all costs and contributions is beyond the scope of this analysis. However, we were able to construct estimates for certain sources of tax contributions as well as certain prominent public expenditure categories. Tax contributions estimate state income tax, sales tax, and gasoline tax generated from each demographic group for 2019. Public expenditure estimates capture state spending on public assistance, Medicaid, and education for each demographic group. Since this does not reflect a complete set of costs and contributions, dollar value comparisons can be misleading. That said, a comparison based upon percentage costs and contributions from each demographic group can offer some insight.

In this appendix, we describe the data sources and procedures necessary to estimate the costs and contributions that comprise our fiscal analysis.

#### **Contributions**

##### ***Income Taxes***

These estimates represent income taxes paid out of income to state government only. Details regarding the state tax rates employed and data sources used are discussed in Appendix B.

##### ***Sales Taxes***

The sales tax figures were based on expenditures in certain key consumer spending categories as defined by the US Bureau of Labor Statistics' *Consumer Expenditure Survey, 2019*. (CES: [www.bls.gov/cex/](http://www.bls.gov/cex/)). These categories were:

- food away from home
- alcoholic beverages
- utility fuels and public services
- household operations
- housekeeping supplies
- household furnishings and equipment

- apparel and services
- vehicle purchases (net outlay)
- other vehicle expenses
- entertainment
- personal care products and services
- tobacco products and smoking supplies
- miscellaneous items

The CES offers expenditures estimates at the national level broken down by household income category. From this, we obtained a percent of total consumer expenditures that are generally subject to sale taxes. This is solely based on income.

We linked these income categories to the average income data we obtained from the ACS for Native-born, foreign-born, and Latin American and Caribbean born groups. The percent of total consumer spending subject to sales tax in 2019 (the “sales tax percentage”), according to the CES, was:

Latin American and Caribbean born income earners:	44.45%
Foreign-born income earners:	45.62%
Native-born income earners:	45.19%

We then applied these percentages to the local spending (after tax, after remittances) income:

$$\text{Local sales taxable spending} = (\text{local spending}) * (1 - \text{sales tax percentage})$$

Since Nebraska’s sale tax rate is 5.5%, when then applied this tax rate to the local sales taxable spending figure to obtain sales tax revenue generated for the state:

$$\text{Sales tax revenue} = (\text{local sale taxable spending}) * (0.055)$$

Once this is done for the Native-born, foreign-born, and Latin American and Caribbean born groups, each group’s share of total sales tax revenues is calculated. These percentages are shown in Table 7.

### ***Gasoline Taxes***

The gasoline consumption tax figures were calculated as follows. We used the CES to determine the percent of consumer spending on gasoline for each income group. We linked these income categories to the average income data we obtained from the ACS for Native-born, foreign-

born, and Latin American and Caribbean born groups. The percent of gasoline spending subject to tax in 2019 (the “gas tax percentage”), according to the CES, was:

Latin American and Caribbean born income earners:	3.42%
Foreign-born income earners:	4.15%
Native-born income earners:	3.94%

From <https://taxfoundation.org/state-gas-tax-rates-2019> we found that the 2019 state tax per gallon of gasoline was 30.6 cents. From <https://neo.ne.gov/programs/stats/inf/97.htm> we determined that the average price per gallon of gasoline in 2019 in Nebraska was \$2.49. to calculate each group gasoline tax contribution to the state we simply calculated:

$$\text{Gasoline tax revenue} = [(\text{local sale taxable spending}) * (\text{gas tax percentage}) / \$2.49] * (0.306)$$

Note: dividing by the price of gasoline provides us with an estimate for gallons purchased. We then applied the gas tax since the tax is based on gallons purchased, not the dollars spent.

Once this was done for the Native-born, foreign-born, and Latin American and Caribbean born groups, each group’s share of total gas tax revenues was calculated. These percentages are shown in Table 7.

## **Costs**

### ***Public Assistance***

We obtained from the ACE the number of Nebraskans receiving public assistance for each native and immigrant group. Public assistance and supplemental income come directly from the ACS. Also, from the ACS, we found that the state of Nebraska spent \$294.14 million on public assistance. This total figure was then multiplied by the share of each immigrant group’s number of recipients.

Once these dollar values are calculated, each group’s share of total public assistance was calculated. These percentages are shown in Table 7.

### ***Education***

Educational expenditure estimates were constructed based on each native and immigrant group’s school-aged population, aged 5 to 17, obtained from the ACS for Nebraska. We obtained

2019 estimates for state per-pupil expenditures for both Nebraska and Iowa from The National Education Association Rankings & Estimates: Rankings of the States 2019 and Estimates for 2020 (see the following website: [www.nea.org/research-publications](http://www.nea.org/research-publications)). These data indicate that in 2019 per-pupil expenditure was \$12,075 in Nebraska. Of the, it was estimated that the state contributed 46.9% in 2019. Applying these estimates to the population figures listed above provides the estimates for education expenses made by each state in 2019. Shares were then calculated and presented in Table 7.

### ***Medicaid***

ACS provides estimates of those receiving Medicaid benefits in Nebraska, broken down by native and immigrant status. We obtained an estimate of the total state-level Medicaid spending for fiscal year 2019 from the Kaiser Family Foundation ([www.kff.org/statedata/custom/](http://www.kff.org/statedata/custom/)). For Nebraska, in 2019 state contributions to Medicaid totaled \$1.02 billion. Applying this figure to the percent of each native and immigrant's percent to total state Medicaid recipients provided a dollar estimate of each group's Medicaid spending. The shares of each group's spending are shown in Table 7.

# Previous OLLAS Reports

A complete list of the OLLAS Reports and their pdf files are available at [www.unomaha.edu/ollas](http://www.unomaha.edu/ollas)

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