Over the last two decades, newcomers to North Carolina have included large numbers of immigrants, particularly from Latin America and Asia. In recent years, attention and concern have focused on how immigrants affect the state, including state and local government functions. This fact sheet provides information on the size and the composition of North Carolina’s immigrant population, and data on its economic impact. Specifically, the fact sheet covers the following questions:

- How many immigrants live in North Carolina?
- How many of North Carolina’s immigrants are U.S. citizens?
- How many people of Hispanic origin reside in North Carolina? How many are in the state legally?
- How many immigrants speak English?
- Do immigrants in North Carolina pay taxes?
- Do immigrants receive public benefits?
- How many immigrants attend public schools? What are the associated costs?
- What kind of impact do immigrants have on the economy?
- Do unauthorized immigrants affect employment outcomes of U.S.-born workers?

This fact sheet will be updated regularly. (For access to the most current version and for other School resources on immigration, see the sidebar on page 39.)

How many immigrants live in North Carolina?

In 2006, according to the U.S. Census Bureau, North Carolina was home to 614,198 foreign-born people, making up 6.9 percent of the state’s total population (roughly 1 of every 15 people).1 (For definitions of terms like “foreign-born...
people,” see the sidebar on page 40.) They came from at least forty-five countries. The regional breakdown was as follows (see Figure 1):

- Latin America—59.8 percent
- Asia—20.5 percent
- Europe—11.5 percent
- Africa—5.1 percent
- Northern America (Canada, Bermuda, Greenland, and Saint Pierre and Miquelon)—2.7 percent
- Oceania (countries and islands in the Pacific Ocean, including Australia)—0.4 percent

### How many of North Carolina’s immigrants are U.S. citizens?

In 2006, about 26 percent of North Carolina’s immigrants were naturalized citizens, according to the U.S. Census Bureau.²

### How many people of Hispanic origin reside in North Carolina?

People of Hispanic origin include both those who are foreign-born and those who are U.S.–born.³ In 2004 they numbered 600,193, or 7 percent of North Carolina’s total population, according to a study by the Kenan Institute, the University of North Carolina at Chapel Hill.⁴ The study indicated that 55.0 percent of Hispanic residents were residing in North Carolina legally in 2004: 41.4 percent were U.S. citizens by birth, and 13.6 percent were naturalized citizens or had a lawful immigration status. Forty-five percent of Hispanic residents were in North Carolina without authorization. Some of the countries of origin were Colombia, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, and Peru.

This fact sheet discusses immigrants generally, but it often refers to data on Hispanic residents specifically, because statistics on that demographic group are more easily found and because Hispanics are the largest immigrant group. Statistics on Hispanics may be helpful in certain contexts, but they are not a proxy for data on all immigrants, for two reasons. First, they are underinclusive of the true resident-immigrant population because Hispanic immigrants (foreign-born Hispanics) make up only 59.8 percent of North Carolina’s total immigrant population. Second, statistics on Hispanics are overinclusive of the immigrant population because they generally include many people who are U.S.–born citizens, as well as authorized and unauthorized immigrants (see Figure 2).

### How many immigrants speak English?

The number of immigrants who speak English evolves over time. Scholars assert that historically, within three generations, immigrants to the United States have shifted from use of their native tongue as their dominant language to use of English.⁵ Typically, first-generation immigrants learn some English, but their native language remains dominant; second-generation immigrants are bilingual; and third-generation immigrants predominantly speak English only.

In 2006, about 10 percent of North Carolina residents spoke a language other than English at home, according to the U.S. Census Bureau.⁶ Of that group, half spoke English “very well,” and half had limited proficiency in English.

### Do immigrants in North Carolina pay taxes?

Both authorized and unauthorized immigrants in North Carolina pay several taxes.

They are required to pay sales taxes when they purchase goods (including gas, food, and clothes). Further, they must pay property taxes if they own property.

Many immigrants also pay income taxes. Authorized immigrants who are legally employed have wages withheld for tax purposes. Between one-half and three-quarters of unauthorized immigrants are thought to pay federal and state income taxes, Social Security taxes, and Medicare taxes.⁷ Unauthorized immigrants who use false Social Security numbers to work “on the books” pay taxes.
payroll taxes when their wages are withheld. A study by the Center for Immigration Studies estimated that in 2002 these unauthorized immigrants contributed more than $7 billion in taxes to Social Security and Medicare, federal programs from which they cannot receive benefits. Unauthorized immigrants who work “off the books” can file tax returns, make payments, and apply for refunds through a special identification tax number created by the Internal Revenue Service to collect taxes from people ineligible for a Social Security number.

No data are available on the amount of taxes paid generally by immigrants in North Carolina, but there are specific data on Hispanic residents. The Kenan Institute study found that Hispanic residents in North Carolina, including U.S.-born citizens, authorized immigrants, and unauthorized immigrants, paid an estimated $756 million in state and local taxes in 2004.

**Do immigrants receive public benefits?**

Certain immigrants, including refugees and long-term legal residents, are eligible for federal and local public benefits. Unauthorized immigrants and certain groups of authorized immigrants (including legal immigrants who have been in the United States for less than five years) are ineligible for many federal public benefits, including Medicaid, Supplemental Security Income (SSI), Food Stamps, Temporary Assistance for Needy Families (Work First), and the State Children’s Health Insurance Program (Health Choice). However, these groups are eligible for limited federal public benefits, including school lunches, Medicaid in certain emergency situations (Emergency Medicaid), and certain services provided by local North Carolina health departments.

### Definitions of Terms

The term “foreign-born person” refers to a person who was not a U.S. citizen at birth. It includes naturalized citizens, lawful permanent residents, refugees, people granted asylum, legal nonimmigrants, and people residing in the country without authorization. This fact sheet uses the term synonymously with “immigrant.”

The fact sheet also uses the terms “authorized” and “unauthorized” to describe immigrants. “Authorized immigrants” are foreign-born people who are residing in the United States legally, including naturalized citizens, lawful permanent residents, refugees, people granted asylum, and nonimmigrants admitted for a temporary stay. Members of this population also are commonly referred to as “legal immigrants” or “legal aliens.”

“Unauthorized immigrants” are foreign-born people residing in the United States without the permission of the federal government, including people who entered the United States illegally (without inspection or by using false documents) and people who entered the United States on a valid visa, but stayed past their authorized period of stay. Members of this population also are commonly referred to as “illegal immigrants,” “illegal aliens,” “undocumented immigrants,” or “undocumented aliens.”

“Illegal immigrants” is a widely used term, but it implies illegal entry. In fact, as just noted, some in this group entered legally and then failed to satisfy the terms of their visa. The fact sheet uses “unauthorized immigrant” because of its common use by the U.S. Department of Homeland Security’s Office of Immigration Statistics and other governmental entities.

### Table 1. The Nine North Carolina Counties with the Largest Public School Hispanic Enrollment, 2004

<table>
<thead>
<tr>
<th>County</th>
<th>No. of Hispanic Students</th>
<th>Percentage of Statewide Total of Hispanic Students</th>
<th>Percentage of Total County Enrollment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mecklenburg</td>
<td>12,360</td>
<td>12.2</td>
<td>10.4</td>
</tr>
<tr>
<td>Wake</td>
<td>9,388</td>
<td>9.3</td>
<td>8.2</td>
</tr>
<tr>
<td>Forsyth</td>
<td>5,976</td>
<td>5.9</td>
<td>12.4</td>
</tr>
<tr>
<td>Guilford</td>
<td>4,050</td>
<td>4.0</td>
<td>6.0</td>
</tr>
<tr>
<td>Durham</td>
<td>3,602</td>
<td>3.6</td>
<td>11.7</td>
</tr>
<tr>
<td>Cumberland</td>
<td>3,197</td>
<td>3.2</td>
<td>6.1</td>
</tr>
<tr>
<td>Johnston</td>
<td>3,079</td>
<td>3.0</td>
<td>11.8</td>
</tr>
<tr>
<td>Alamance</td>
<td>2,731</td>
<td>2.7</td>
<td>12.6</td>
</tr>
<tr>
<td>Union</td>
<td>2,589</td>
<td>2.6</td>
<td>9.0</td>
</tr>
</tbody>
</table>

No data are available on the costs of public benefits for immigrants in North Carolina, but data are available on the costs of Medicaid. According to the North Carolina Department of Health and Human Services, the cost of Medicaid in fiscal year 2006 for qualifying authorized immigrants was $3.4 million. In the same year, the cost of Emergency Medicaid in North Carolina for both unauthorized immigrants and nonqualifying authorized immigrants was $57.7 million. According to a 2007 study, the majority of Emergency Medicaid services in North Carolina from 2001 to 2004 were for childbirth and pregnancy complications. In fiscal year 2006, the combined costs of Medicaid and Emergency Medicaid for immigrants in North Carolina were less than 1 percent of the total North Carolina Medicaid program costs of $8.5 billion.

In fiscal year 2009, the majority of costs associated with the Medicaid program are being covered by the federal government (64.60 percent). The remaining costs are covered by the state (32.74 percent) and counties (2.66 percent). Under newly enacted legislation, county contributions are to be phased out completely by fiscal year 2010, to be assumed by the state.

More than half of the state’s Hispanic students are concentrated in twenty counties, nine of them largely metropolitan, four of them with specialty industries that attract Hispanics.

How many immigrants attend public schools? What are the associated costs?

All children, including unauthorized immigrants, are entitled to attend K–12 public schools under the Equal Protection Clause of the Fourteenth Amendment. No data are available on the number of immigrant children who attend K–12 public schools because the North Carolina Department of Public Instruction (DPI) does not track the immigration status of students. According to the DPI, statewide, more than 150 languages are spoken by public school students, and 5 percent of the student population is “limited English proficient.”

The DPI does track student populations by race (see Figure 3). In 2006, of 1.4 million public school students, 9.3 percent were Hispanic. According to the DPI, the Hispanic student population has increased more than any other group over the last ten years. In 2004, more than half of the state’s Hispanic students were concentrated in twenty counties, according to the Kenan Institute study. The counties with the largest absolute numbers of Hispanic students were largely metropolitan (see Table 1).

The other counties included non-metropolitan jurisdictions where specialty industries were magnets for Hispanic population growth. In four of these counties, Hispanic students accounted for about 20 percent of the total county enrollment in 2004 (see Table 2). The Kenan Institute study estimated that in 2004 the state costs of K–12 education for Hispanic students (who then composed 7.5 percent of the total student population) were about $467 million, of total costs of $6.2 billion. The study noted that the large majority of Hispanic schoolchildren were U.S. citizens, even if their parents were not.

In 2006, Asian students made up 2.2 percent of the student population. The largest enrollments of Asian students occurred in Wake, Mecklenburg, Guilford, Orange, Burke, and Catawba.
 counties (in descending order of size of enrollment). Applying the methodology used in the Kenan Institute study, state K–12 costs in 2004 were an estimated $126 million for Asian students (who then composed 2.1 percent of the student population).

What kind of impact do immigrants have on the economy?

The majority of economists claim that the net effects of immigration are positive. These economists argue that immigrant labor is vital to the U.S. economy and that it raises the productivity of U.S. companies and lowers the costs of goods and services to consumers. They also argue that immigrants create new jobs in the United States through start-up of new businesses and through their demand for goods and services.

A 2007 White House economic report also concluded that the net effects of immigration are positive. It found that immigrants increase the size of the total labor force, complement the U.S.–born workforce, and stimulate capital investment by adding workers to the labor pool, thereby increasing the total labor force, complement the U.S.–born workforce, and stimulate capital investment by adding workers to the labor pool, thereby increasing the U.S. gross domestic product by roughly $37 billion each year.

Opponents of this view argue that unauthorized immigrants reduce earnings and employment levels. Opponents of this view argue that unauthorized immigrants reduce earnings and employment levels. Opponents of this view argue that unauthorized immigrants reduce earnings and employment levels. Among economists, there is a debate over whether immigrants take jobs from U.S.–born workers or thus reduce their earnings and employment levels. Among economists, there is a debate over whether immigrants take jobs from U.S.–born workers or thus reduce their earnings and employment levels. Among economists, there is a debate over whether immigrants take jobs from U.S.–born workers or thus reduce their earnings and employment levels.

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U.S. gross domestic product by roughly $37 billion each year.23 Opponents of this view argue that unauthorized immigrants produce a negative effect on the economy because they may receive more in services than they pay in taxes and because they depress wages for low-skilled workers.24 No data are available on the specific economic impact of immigrants generally in North Carolina. The Kenan Institute study assessed such data for Hispanic residents. In 2004, Hispanic residents, including U.S.–born citizens, unauthorized immigrants, and unauthorized immigrants, contributed an estimated $756 million in taxes while costing the state an estimated $817 million for K–12 education, medical care, and corrections, resulting in a net cost to the state of about $61 million.25 The state and local costs did not reflect the economic impact of Hispanic consumer spending, which had a total impact of $9.2 billion on the state economy, according to the study. The study found that this spending helped generate 89,000 jobs.

Do unauthorized immigrants affect employment outcomes of U.S.–born workers?

Among economists, there is a debate over whether immigrants take jobs from U.S.–born workers and thus reduce their earnings and employment levels. George Borjas of Harvard University found that immigration between 1980 and 2000 might have reduced the earnings of U.S.–born workers by 3 to 4 percent, with larger negative impacts among high school dropouts, but smaller impacts among all other education groups.27 Borjas’s estimates are at the high end of those generated by labor economists. Others, including David Card of the University of California, Berkeley, have found fairly negligible negative effects.28 Using a different approach, Giovanni Peri of the University of California, Davis, found that immigration between 1990 and 2004 slightly increased the average wages of all U.S.–born workers (by 1.8 percent) and slightly reduced the wages of high school dropouts (by 1.1 percent).29 There is no consensus on this issue in general, but there is some agreement among labor economists that immigration may negatively affect U.S.–born workers with less education, in particular high school dropouts, by a modest amount. Estimates range from an 8 percent wage reduction to no loss in wages at all.30 Immigrants in North Carolina, both authorized and unauthorized, made up roughly 9.1 percent of the overall workforce in 2006 and considerably more in certain economic sectors, including construction, agriculture, leisure and hospitality, manufacturing, and maintenance.31 No data are available generally on how immigrants in North Carolina affect the employment of U.S.–born workers, but there are some data about Hispanic residents. A 2001 North Carolina State University study indicated that Hispanic immigrants in North Carolina were concentrated in low-skill, low-wage industries and that the domi-

<table>
<thead>
<tr>
<th>County</th>
<th>No. of Hispanic Students</th>
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<th>Percentage of Total County Enrollment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Duplin</td>
<td>2,061</td>
<td>2.0</td>
<td>23.2</td>
</tr>
<tr>
<td>Montgomery</td>
<td>943</td>
<td>0.9</td>
<td>20.8</td>
</tr>
<tr>
<td>Lee</td>
<td>1,873</td>
<td>1.8</td>
<td>20.5</td>
</tr>
<tr>
<td>Sampson</td>
<td>1,593</td>
<td>1.6</td>
<td>19.2</td>
</tr>
</tbody>
</table>

nant trend in these industries in the 1990s was that Hispanics had replaced, not displaced, U.S.–born workers who had moved on to better positions. The more recent Kenan Institute study suggested that Hispanics may have depressed the wages of some U.S.–born workers in 2004, especially in lower-wage, labor-intensive sectors.

Notes

1. U.S. Census Bureau, 2006 American Community Survey (Washington, DC: U.S. Census Bureau, 2006), http://factfinder.census.gov/servlet/ADTABLE?_bm=y&-geo_id=04000US37&-qr_name=ACS_2006_EST_G00_DP2&-ds_name=ACS_2006_EST_G00_&-_lang=en&_sse=on. This fact sheet relies on U.S. census data for certain population estimates. Other sources may provide different estimates, depending in part on their collection or estimation methods.

2. Ibid.

3. The U.S. Census Bureau uses the terms “Hispanic” and “Latino” to describe people of Mexican, Puerto Rican, Cuban, South or Central American, or other Spanish culture or origin.


8. Steven A. Camarota, The High Cost of Cheap Labor: Illegal Immigration and the Federal Budget (Washington, DC: Center for Immigration Studies, 2004). The amount of Social Security and Medicare taxes paid by unauthorized immigrants who use false Social Security numbers also can be gauged by looking at the “earnings suspect file” of the Social Security Administration (SSA). The earnings suspect file is the SSA’s record of annual wage reports for workers whose Social Security numbers and names do not match SSA records. The SSA estimates that about $7.2 billion in Social Security and Medicare taxes was paid in 2003 on about $58 billion in wages from people who filed W-2 forms with incorrect or mismatched data. SSA officials think that a major portion of these taxes was collected from unauthorized immigrants using false Social Security numbers. “Strengthening Employer Wage Reporting,” statement of James B. Lockhart III, Deputy Commissioner of Social Security, before the U.S. House of Representatives, Committee on Ways and Means, Subcommittees on Oversight and Social Security, February 16, 2006; “Social Security Number High-Risk Issues,” statement of Patrick P. O’Carroll, Inspector General, SSA, before the U.S. House of Representatives, Committee on Ways and Means, Subcommittees on Oversight and Social Security, February 16, 2006; Porter, “Illegal Immigrants.”


11. For a complete list of federal public benefits for which unauthorized immigrants and certain authorized immigrants remain eligible, see ibid.


16. Ibid.

17. In Plyler v. Doe, 457 U.S. 202 (1982), the U.S. Supreme Court established that public schools may not refuse to enroll or provide services to a person on the basis of immigration status.


22. For example, in June 2006, when Congress was deliberating on federal immigration reform, about five hundred economists, including five Nobel laureates and other prominent people, signed an open letter to President George W. Bush highlighting the overall economic benefits of immigration. Alexander Tabarrok and David J. Theroux, “Open Letter on Immigration” (Oakland, CA: Independent Institute, June 19, 2006), www.independent.org/newsroom/article.asp?id=1727. According to Tabarrok, research director of the Independent Institute, “the consensus is that most Americans benefit from immigration and that the negative effects on low-skilled workers are somewhere between an 8% wage reduction to no loss in wages at all.” +500-Plus Economists Sign Open Letter Reminding President Bush of the Benefits of Immigration” (press release) (Oakland, CA: Independent Institute, June 19, 2006), www.independent.org/newsroom/news_detail.asp?newsID=74.

The open letter was consistent with a survey of economists conducted by the Cato Institute in the mid-1980s and updated in 1990. Eighty-one percent of the economists reporting felt that, on balance, twentieth-century immigration had had very favorable effects on U.S. economic growth, and 74 percent felt that illegal immigration had had positive effects. The survey is discussed in Julian L. Simon, The Economic Consequences of Immigration (Oxford, England: Basil Blackwell, 1989).


In estimating the costs to the state of the Hispanic population, the Kenan Institute study focused on what it deemed to be three of the major and most-often-discussed public sectors in studies of immigrants: K–12 public education, health services delivery, and corrections. The study indicated that there may be other significant costs, but these three are generally agreed to be the primary ways to measure the impact of an immigrant group on state budgets. Kasarda and Johnson, The Economic Impact.

The campaign was launched by the NCACC and the NCLM during the School’s extensive building renovation and expansion that ended in 2004. The Local Government Wing is a permanent testament to the historic and significant relationship between the School and local governments in North Carolina. The wing contains the two largest classrooms in the building, as well as a sunny, two-story enclosed atrium used as a gathering place at class and meeting breaks. The School offers its deepest thanks to North Carolina local governments, the NCLM, and the NCACC for helping commemorate a uniquely beneficial relationship of more than seventy-five years with this naming. A special plaque will be installed at the entrance to the wing acknowledging the School’s gratitude and celebrating the extraordinary generosity of all those who contributed to the success of the campaign.

—Faith Thompson, assistant dean for development

Thanks to support from local governments, individuals, the North Carolina General Assembly, and many others, the Knapp-Sanders Building was expanded during construction from 63,000 square feet to 126,000. A variety of classroom sizes and configurations and improved audiovisual technology now allow instructors much greater flexibility to meet the learning needs of all course participants. Visitors especially appreciate the School bookstore and the 180-space parking deck conveniently located beside the building.

On June 30, 2008, the campaign to name the Local Government Wing at the School of Government officially ended with more than $808,000 donated or pledged by 72 counties, 308 municipalities, the North Carolina Association of County Commissioners (NCACC), the North Carolina League of Municipalities (NCLM), and a number of individuals.

The study reports that Hispanic below-market wages are concentrated in the agriculture and construction industries and may have depressed the wages in those industries by $1.1 billion in 2004.