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Texas Business Leadership Council
816 Congress Avenue, Suite 990, Austin, TX 78701
info@txblc.org | (512) 481-0525
🌐 txblc.org 📱 /txblc 📧 @tx_blc

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PUBLIC POLICY FOR A MORE GLOBALLY COMPETITIVE TEXAS

IMMIGRATION REFORM FOR A STRONGER TEXAS ECONOMY

Texas stands at the crossroads of a national debate on immigration, where the intersection of border security and immigration policy presents an unparalleled opportunity for the next administration to make generational reforms to secure the border while addressing workforce shortages and demographic challenges. A modernized immigration system will not only ensure safety but also bolster economic growth, offering stability to Texas’s workforce and economy.

Representing a key border state and the driving force behind the nation’s fastest-growing economy, Texas business leaders are uniquely positioned to play a pivotal role in shaping immigration policy. We understand that to sustain economic growth and maintain community stability, it is essential to differentiate between border security and immigration policy, addressing each with tailored solutions.

Effective Solutions Must Distinguish Border Security from Immigration Policy

Border security aims to manage and protect the nation’s borders, focusing on safety and enforcement, whereas immigration policy establishes the legal pathways for individuals to enter and remain in the country. Conflating border security with immigration policy results in reactive measures that fail to address underlying issues. Separating these two policy areas will allow for targeted strategies that enhance security while fostering economic and workforce stability.

Thank you to the [American Immigration Council](#) (AIC) for contributing to this report. For the purposes of this report, the term “immigrant” refers broadly to anyone born outside of the United States to non-citizen parents. This includes naturalized citizens, green card holders, temporary visa holders, refugees, asylees, and undocumented individuals, unless otherwise specified to address a particular subset, such as DACA recipients.

Beyond physical barriers, policy reforms must address systemic inefficiencies, such as underfunded immigration courts and insufficient legal immigration pathways. Since Fiscal Year 2003, Congress has allocated \$24 to enforcement measures like Border Patrol and Immigration and Customs Enforcement (ICE) for every \$1 spent on the immigration court system. This disparity has contributed to a backlog exceeding 3.7 million cases in immigration courts, with the average asylum case now taking over four years to resolve. This backlog leaves individuals in prolonged legal limbo and undermines the effectiveness of border security measures. Addressing these systemic issues is critical for creating a balanced and effective approach to managing migration.¹

Texas is facing a workforce shortage with 80 available workers for every 100 open jobs and nearly 800,000 current open positions.² As a border state with a significant immigrant workforce, Texas's continued economic vitality is largely dependent on the impact of immigration policies. Immigrants make up 17.2% of Texas's population and 21.4% of its workforce. They contribute significantly to the state's economy, paying \$50.3 billion in annual taxes, generating \$156.3 billion in spending power, and contributing \$20.1 billion to Social Security and \$5.3 billion to Medicare in 2022. However, systemic inefficiencies in immigration policy hinder Texas's ability to address critical labor shortages. Modernizing immigration pathways and providing adequate resources for immigration courts will not only secure the border but also ensure long-term economic health and community stability.³

To achieve a balanced approach, two critical goals must be at the center of any proposed immigration reforms: 1) prosperity — developing labor market solutions to meet workforce demands by modernizing visa programs for skilled and essential workers, and 2) vitality — ensuring demographic stability by addressing declining birth rates and creating legal pathways, enabling Texas to attract global talent to sustain economic growth.⁴

Prosperity: Addressing Workforce Needs

The Texas economy relies heavily on immigrant labor. However, outdated visa caps and cumbersome processes prevent the U.S. from meeting its labor demands. As a result of this broken system, undocumented immigrants constitute 8.4% of Texas's workforce, filling many roles in critical fields. Reforming legal immigration pathways is essential for maintaining economic growth in the Lone Star state.

Specifically, several sectors that are crucial to the Texas economy as well as providing the infrastructure to support quality of life are highly dependent on immigrant labor:⁵

- **Innovation:** Immigrants make up 28.4% of STEM workers and 29.4% of entrepreneurs who generate not only business income for Texas, but also provide jobs for immigrants and native-born Texans alike.
- **Healthcare:** 19.4% in this sector are immigrants and 2.4% of all healthcare workers in Texas are undocumented. Immigrants fill vital roles including physicians (34.5%), dentists (32.1%), pharmacists (30.9%), and nurses (20.3%).
- **Energy:** Immigrants comprise 20.1% of the energy workforce, critical to Texas's role as a national energy leader, and 4.5% of energy sector workers, including engineers and technicians, are undocumented.
- **Construction:** Immigrants account for 40% of the construction workforce, with roles such as laborers (59%), roofers (63.9%), and landscaping services (53%) at even higher rates. Undocumented immigrants represent 23% of all employed workers in the construction industry. Without this labor source, Texas's current pace of growth and ability to rebuild following natural disasters would be severely impacted.

The following recommendations will help ensure Texas remains globally competitive.

Expand Employment-Based Green Cards: Expanding the number of employment-based green cards is essential to meet labor market demands and stimulate economic growth. Current annual limits, set at 140,000 since 1990, have not kept pace with the evolving needs of the U.S. economy, resulting in significant backlogs. As of recent estimates, approximately 7.6 million individuals are awaiting green cards, with wait times extending into decades. Clearing these backlogs could deliver significant economic benefits, potentially adding an estimated \$3.9 trillion to GDP over the next decade through increased labor force participation, enhanced productivity, and greater consumer spending.⁶ Exempting specific categories, such as family members, from caps on employment-based green cards, will ease backlogs and enable skilled immigrants to join the workforce faster. Currently a substantial portion of these green cards are allocated to family members of principal applicants, thereby limiting the number available to actual workers.

Reform Temporary Worker Visas: Agriculture and seasonal industries like hospitality and landscaping are facing severe labor shortages and growing reliance on foreign workers but simplifications to the visa application and extension process are needed as well as additional resources to address backlogs.⁷ Expanding the H-2A visa program to include year-round agricultural operations and increasing the cap on H-2B visas for seasonal workers is crucial to addressing labor shortages and ensuring operational stability in these sectors.⁸

Vitality: Responding to Demographic Challenges

The U.S. faces significant demographic pressures, with fertility rates below replacement levels leading to an aging population and a shrinking workforce. Texas, in particular, is poised to experience substantial workforce retirements, with 7.1 million residents aged 55 and older as of 2021.⁹ Sustaining economic growth and effectively addressing these demographic challenges depends on using immigration to ameliorate labor shortages and improve the affordability of critical services.¹⁰ A modernized immigration system that prioritizes flexibility and responsiveness can help fill critical labor shortages, support innovation, and maintain a stable, competitive economy. By welcoming a diverse workforce, Texas can secure its economic future and continue to thrive amid shifting demographic trends.

Expand Legal Pathways: Creating new pathways to attract workers from regions with growing labor forces can help address labor shortages and sustain economic growth. Congress should create additional **temporary worker programs** that provide legal means for individuals to work in the U.S. while including strong worker protections for both migrants and U.S.-born workers. These programs can serve as an alternative to unauthorized migration and help meet the immediate labor needs of industries like agriculture, construction, and hospitality.

Support for DACA and Dreamers: The Deferred Action for Childhood Arrivals (DACA) program, established in 2012, provides temporary protection from deportation and work authorization to eligible undocumented individuals who were brought to the U.S. as children. While not a pathway to citizenship, it allows recipients, often referred to as “Dreamers,” to live and work here legally, however, DACA is currently under legal challenge. A 2023 federal court ruling declared the program unlawful but allowed current recipients to renew their protections. The program’s future is uncertain while the case is under appeal.

Ensuring long-term solutions for DACA recipients and other undocumented youth is vital to preserving their significant contributions to Texas’s workforce and economy. Texas is home to 87,620 active DACA recipients, with an employment rate of 95.3%.¹¹ Collectively, DACA households contribute \$3.7 billion annually to the state’s economy.¹² The termination of DACA poses significant economic risks, with projections indicating a \$1 billion monthly reduction in the U.S. economy for

two years. In Texas, the loss of DACA workers would intensify labor shortages.¹³ To preserve the economic value DACA recipients bring, Congress must enact permanent protections, including a pathway to citizenship. Such measures would secure the livelihoods of these individuals while supporting long-term economic stability in Texas.

Leverage educational contributions: The U.S. is falling behind in the global talent competition, and must work to improve our immigration systems to allow for more skilled immigrants to join our workforce. Research shows that 100,000 international student graduates each year would stay and work in the U.S. if a pathway to citizenship were accessible.¹⁴ Our state leaders recognized this workforce need with the Texas Dream Act (House Bill 1403 (77R)), allowing eligible undocumented students to access in-state tuition rates at public colleges and universities. In 2021, an estimated 22,000 undocumented students were enrolled under the in-state tuition policy, which supports academic achievement and prepares these individuals to contribute to our future workforce and enhance their economic contributions to the state. Repealing this provision could result in significant economic losses, including a reduction of \$244.4 million in wage earnings and \$216.9 million in spending power annually. Maintaining in-state tuition eligibility for undocumented students is crucial for sustaining Texas's economic vitality and supporting its diverse communities.¹⁵

Pro-immigration policies are pro-Texas, pro-economic growth, and pro-competitive advantage policies, which are needed now more than ever. Texas has an opportunity to lead the nation in demonstrating how smart immigration reform can secure the border, address workforce shortages, and promote economic stability. Texas business leaders are uniquely positioned to be a leading voice in shaping immigration solutions that disproportionately impact Texans. By championing these reforms, Texas can secure a prosperous and competitive future while setting an example for the rest of the nation.

**For questions or additional information, please contact
TBLC Vice President of Policy, Kelle Kieschnick at kkieschnick@txblc.org**

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 2. [Understanding America's Labor Shortage](#), U.S. Chamber of Commerce (2024)
 3. [New Reports Show Immigrants' Contributions](#), AIC (2024); [Map the Impact](#)
 4. [Immigration Policy Solutions to Shortages in Critical Sectors](#), Center for Strategic & International Studies (2024)
 5. [The Economic Contributions of Immigrants in Texas](#), AIC (2022); [New Reports](#)
 6. [Green Light to Growth: Estimating the Economic Benefits of Clearing Green Card Backlogs](#), Bipartisan Policy Center (2023)
 7. [Immigration Policy Solutions](#), supra note 4
 8. [Expanding Role of H-2A Workers in Agriculture](#) and [Expanding Role of H-2B Workers](#), AIC (2024)
 9. [The Economic Contributions](#), supra note 5
 10. [Immigration Policy Solutions](#), supra note 4
 11. [Map the Impact](#)
 12. [The Demographic and Economic Impacts of DACA Recipients](#), Center for American Progress (2021)
 13. [A DACA Fix Could Add \\$400 Billion to the U.S. Economy](#), fwd.us (2024)
 14. [Retaining U.S. International Student Graduates Could Help the U.S. Win the Talent Race](#), fwd.us (2022)
 15. [The Economic Cost of Repealing In-State Tuition in Texas](#), AIC (2023)