

**TELLING THE TRUTH: DISPELLING THE MYTHS ABOUT
THE NEGATIVE IMPACTS OF UNDOCUMENTED RESIDENTS
IN FARMERS BRANCH, TEXAS**

Prepared for
Let the Voters Decide

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Introduction

On May 12, 2007, the citizens of Farmers Branch will vote to approve or reject Ordinance 2903, a measure that would require landlords to verify the citizenship of tenants and others living with them. It would also impose a misdemeanor fine of \$500 per day on any landlord found violating the Ordinance.

Supporters of the Ordinance have proposed its adoption without the benefit of any formal economic analysis or social study. To date there is not one piece of evidence to suggest that Farmers Branch has a problem with illegal immigration or that the measures being proposed there will have any positive impact on the community.

Ordinance 2903 supporters argue that the City of Farmers Branch is being overrun by undocumented immigrants who, in turn, are burdening the public schools, depressing property values, and pushing up the crime rate. They contend that passage of the Ordinance is the only way to discourage illegals from residing in Farmers Branch. Support for the Ordinance has come from a number of residents, some members of the City Council and several local radio personalities.

Opponents of the proposed Ordinance believe it is discriminatory against Hispanics and other migrants while at the same time imposing unreasonable compliance burdens on property owners, especially owners of apartment properties. They argue that immigration issues are the purview of the Federal Government and should not be addressed by local governments. They also argue that this Ordinance creates a community that is hostile to minorities, brings economic harm to the community, and creates a divisive feeling in the city that casts a cloud over its image and reputation.

In addition to many current residents of Farmers Branch, opposition to the Ordinance has been expressed by the Bickel & Brewer Storefront, the Apartment Association of Greater Dallas, the Dallas Peace Center, the Dallas County Democratic Party, the Mexican American Legal Defense & Education Fund (MALDEF), and the Dallas Chapter of the ACLU. Several lawsuits have been filed against the city over its illegal immigration stance. The cost of defending these lawsuits is an economic burden to the taxpayers of Farmers Branch. The city has spent more than \$250,000 defending these lawsuits to date, and will most likely spend millions of dollars more in the future.

The city is racing ahead with this controversial measure – potentially subjecting the city to millions of dollars in legal fees and creating a division among residents the likes of which has never been seen in North Texas.

In what follows, we first summarize recent demographic trends in the Metroplex and Farmers Branch. We then examine the contention that education, property and crime indicators in Farmers Branch have worsened in recent years. Third, we discuss the positive contribution made by immigrants, including undocumented residents, to both the Farmers Branch and Metroplex economies. Finally, we look at how the perception of Farmers Branch as a desirable place to live, work and invest will likely be negatively affected if Ordinance 2903 is approved. We believe Ordinance 2903 is an ill-advised and ill-conceived measure that will have serious negative consequences on the local community.

Demographic trends in Dallas-Fort Worth and Farmers Branch

The greater Dallas-Fort Worth Metropolitan Area, with a population of nearly six million, is currently the 5th largest urban region in the nation (see Table 1). Between 1990 and 2005, the DFW Metroplex grew by almost 46 percent, making it the second fastest-growing major

metropolitan area in the U.S. Projections by the U.S. Department of Commerce, as well as the North Central Texas Council of Governments, foresee population continuing to grow at about three percent annually for the next 25 years, at which time the region's population could well approach 10 million (see Table 2).

In tandem with its burgeoning population, DFW has become a major national and international business center. Between 1990 and 2004, the Metroplex recorded a net increase of 707,000 jobs and added employment at a faster pace than any other urban area of the Sunbelt, despite major cutbacks in the technology industries during 2001 to 2003 (see Table 3). Today, the region boasts one of the largest and most diversified economies in the nation and is fortunately endowed with a broad range of fast-growing and competitive industries, especially in the information technology sector. Not only can DFW lay claim to one of the largest concentrations of computer, electronics, and software companies in the world, the region is also a major trade and distribution center for all of North America.

About 3 million persons are gainfully employed in the region at present, a number that should exceed 4.5 million within the next two decades. With 25 percent of Texas' population, the DFW region is projected to account for 35 percent of the state's job growth for the foreseeable future.

Table 1

Metro Growth 1990 to 2005

		1990	2005	%
	Combined Statistical Area	Population	Population	Change
1	Atlanta-Sandy Springs-Marietta	3,068,975	4,917,717	60.24%
2	Dallas-Fort Worth-Arlington	3,989,294	5,819,475	45.88%
3	Houston-Sugar Land-Baytown	3,767,233	5,280,077	40.16%
4	Miami-Fort Lauderdale-Miami Beach	4,056,228	5,422,200	33.68%
5	Washington-Arlington-Alexandria	4,122,259	5,214,666	26.50%
6	Chicago-Naperville-Joliet	8,182,076	9,443,356	15.42%
7	Los Angeles-Long Beach-Santa Ana	11,273,720	12,923,547	14.63%
8	New York-No. New Jersey-Long Island	16,846,046	18,747,320	11.29%
9	Philadelphia-Camden-Wilmington	5,435,550	5,823,233	7.13%
10	Detroit-Warren-Livonia	4,248,699	4,488,335	5.64%

Source: U.S. Census Bureau.

Table 2

Dallas-Fort Worth Population Growth and Forecast

	1980	1990	2000	2005	2020	2030	% Change 1980-2005	% Change 2005-2030
DFW	3,017,230	3,989,294	5,161,544	5,819,475	7,892,000	9,479,600	92.9%	62.9%

Source: North Central Texas Council of Governments.

Table 3**Employment Growth 1990-2004**
(in thousands)

Metro Area	1990 Employment	2004 Employment	Absolute Growth 1990-2004	Growth Rate 1990-2004
Boston-Worcester-Manchester	2,096.3	2,868.2	771.9	36.8%
Los Angeles-Long Beach-Riverside	5,958.6	8,071.2	2,112.6	35.5%
New York-Wayne-White Plains (MD)	3,747.9	5,037.7	1,289.8	34.4%
Dallas-Fort Worth	2,189.5	2,896.5	707.0	32.3%
Houston-Baytown-Huntsville	1,919.1	2,489.4	570.3	29.7%
San Francisco-Oakland-San Jose	2,781.3	3,531.3	750.0	27.0%
Washington-Baltimore-Northern Virginia	3,543.1	4,092.4	549.3	15.5%
Chicago-Naperville-Michigan City	4,039.1	4,538.4	499.3	12.4%
Detroit-Warren-Flint	2,379.4	2,474.4	95.0	4.0%
Philadelphia-Camden-Vineland	2,758.6	2,864.9	106.3	3.9%

Source: U.S. Bureau of Labor Statistics.

Population growth is being driven both by natural increase and immigration. According to the U.S. Census Bureau, between 2000 and 2005 the Dallas metropolitan division added 441,875 residents.¹ Natural increase accounted for about 53 percent of the growth while net migration was responsible for 47 percent of the area's gain.² As indicated in Table 4, most migrants to the Dallas area during the 2000-2005 period came from other countries. Many of these immigrants are undocumented.³

¹ The Dallas metropolitan division is comprised of Collin, Dallas, Delta, Denton, Ellis, Hunt, Kaufman and Rockwall counties.

² Net migration is the difference between people moving in and people moving out, either domestically or internationally.

³ The Pew Hispanic Center estimates there are about 1.4 illegal immigrants in Texas.

Table 4

Components of Population Change for Selected Texas Metropolitan Areas
April 1, 2000 to July 1, 2005

<i>Metro Area</i>	Population		Total Population Change	Natural Increase			Net Migration		
	<i>July 1, 2005</i>	<i>April 1, 2000</i>	<i>Number</i>	<i>Total</i>	<i>Births</i>	<i>Deaths</i>	<i>Total</i>	<i>Net International Migration</i>	<i>Net Internal Migration</i>
Dallas	3,893,123	3,451,248	441,875	235,263	343,541	108,278	212,305	179,862	32,443
Fort Worth	1,926,352	1,710,270	216,082	98,281	160,452	62,171	120,097	52,373	67,724
Total	5,819,475	5,161,518	657,957	333,544	503,993	170,449	332,402	232,235	100,167

Source: U.S. Census Bureau, Population Division, Cumulative Estimates of the Component of Population Change for the United States and States, April 1, 2000 to July 1, 2005.

Table 5

Population Projections for Dallas Metropolitan Division: 2000-2040
(at 1.0 Migration)

<i>Year</i>	<i>Total</i>	White		Black		Hispanic		Other	
		<i>Number</i>	<i>% of Total</i>	<i>Number</i>	<i>% of Total</i>	<i>Number</i>	<i>% of Total</i>	<i>Number</i>	<i>% of Total</i>
2000	3,519,176	2,006,157	57.01%	536,069	15.23%	810,499	23.03%	166,451	4.73%
2005	4,087,863	2,157,598	52.78	599,018	14.65	1,108,730	27.12	222,517	5.44
2010	4,769,982	2,323,066	48.70	665,679	13.96	1,489,588	31.23	291,649	6.11
2015	5,586,167	2,500,271	44.76	737,078	13.19	1,973,120	35.32	375,698	6.73
2020	6,561,345	2,686,784	40.95	811,821	12.37	2,583,379	39.37	479,361	7.31
2025	7,722,454	2,880,095	37.30	888,928	11.51	3,345,508	43.32	607,923	7.87
2030	9,088,722	3,072,178	33.80	966,405	10.63	4,284,459	47.14	765,680	8.42
2035	10,683,860	3,258,672	30.50	1,044,952	9.78	5,425,373	50.78	954,863	8.94
2040	12,536,163	3,435,476	27.40	1,126,237	8.98	6,799,606	54.24	1,174,844	9.37

Source: Texas State Data Center.

As an older, established city, Farmers Branch has not seen the population growth experienced by many other parts of the Metroplex. Nonetheless, the city's current population of 27,850 is virtually unchanged from 1970. But reflecting the demographic shifts within the Dallas area, the ethnic makeup of Farmers Branch the city has changed dramatically, from nearly

100 percent white in 1970 to about 40 percent minority—mainly Hispanic—today. And the future promises much of the same. According to the most recent estimates and projections from the Texas State Data Center, whites probably represent less than 50 percent of the Dallas division’s population today, and their share will continue to decline in the decades ahead (see Table 5). By contrast, the Hispanic share of the region’s population is expected to grow from about 30 percent today to more than 50 percent by 2035.

Education, property values, and crime indicators in Farmers Branch

Some proponents of Ordinance 2903 have argued that immigration in Farmers Branch, including that of illegals, is eroding the quality of public education, diminishing property values, and pushing up crime rates. Farmers Branch Council member and leading ordinance supporter Tim O’Hare stated in a *Dallas Morning News* article on August 22, 2006, that “The reason I got on the City Council was because I saw our property values declining or increasing at a level that was below the rate of inflation. When that happens, people move out of our neighborhoods, and what I would call less desirable people move into the neighborhoods, people who don’t value education, people who don’t value taking care of their properties.” And in a February 5, 2007 *Fort Worth Star-Telegram* article he said that “We have a large population of illegals in our city, and to say that does not affect property values or schools is just plain ignorant.” Statistics do not support Mr. O’Hare’s claims.

A. Public education

Contrary to assertions that the quality of the Carrollton-Farmers Branch Independent School District (CFBISD) is eroding, recent test scores indicate significant improvements in educational performance. Between 2003 and 2006, the percent of students passing the TAKS

test in the CFBISD increased 18 percent. What’s more, the percent of Hispanics passing the TAKS test increased more than 26 percent, compared with a 23 percent increase for the state of Texas overall. And while the state recorded an increase in the high school dropout rate, the CFBISD dropout rate decreased, especially among Hispanic students.

Importantly, the district’s accountability rating, which is based on how well students score on standardized state tests, rose to recognized from acceptable last year. The rating’s rise came even after more and harder tests were introduced, while most school districts’ ratings went down under the tougher standards.

The latest SAT scores for the CFBISD also suggest that the public schools in Farmers Branch are of high quality. In 2006, students at each of the four district high schools outperformed their state and national peers in reading, math and writing—with one exception (see Table 6 and Figure 1). Importantly, R.L. Turner High School, which is 66 percent Hispanic, reported the highest reading and math scores in the district.

Table 6

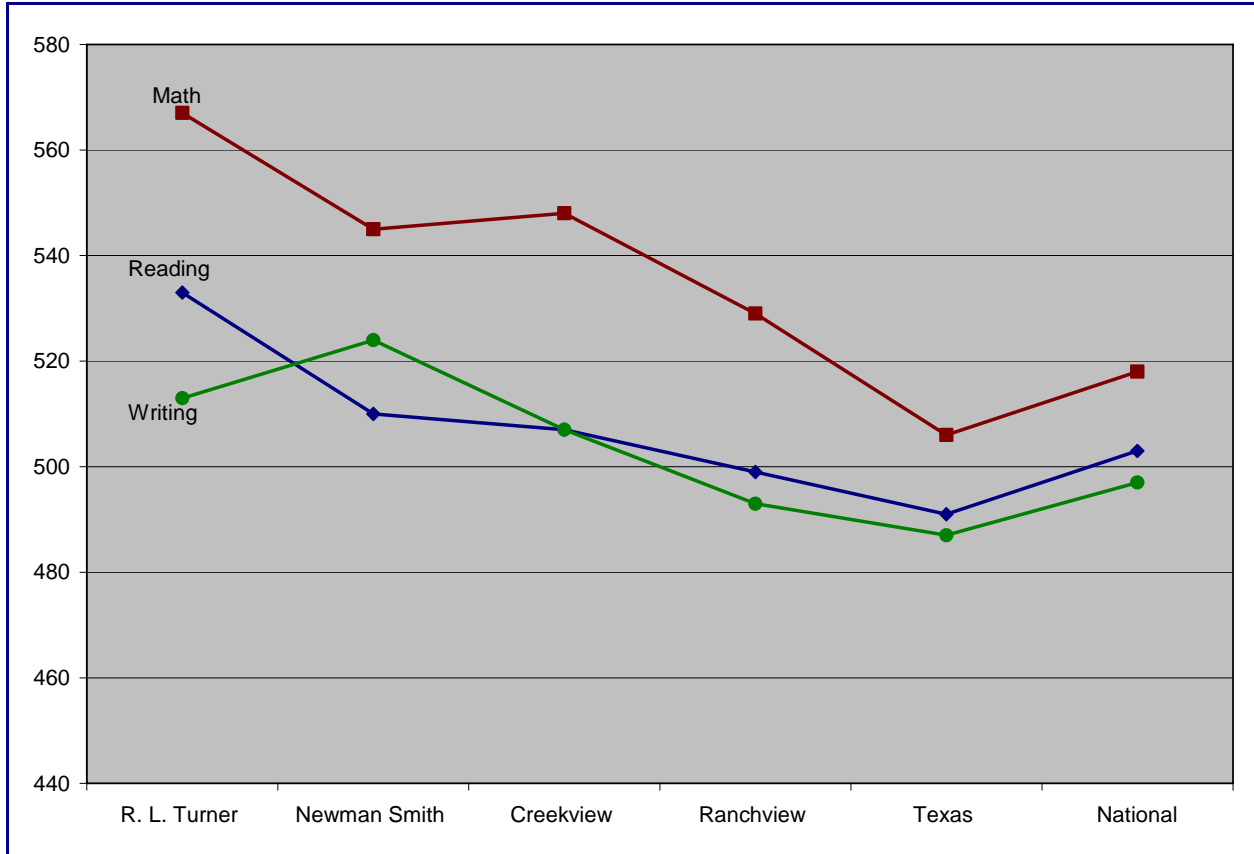
SAT Scores in 2006

	Reading	Math	Writing	Percent Hispanic
R. L. Turner	533	567	513	66%
Newman Smith	510	545	524	33%
Creekview	507	548	507	22%
Ranchview	499	529	493	14%
Texas	491	506	487	
National	503	518	497	

Source: Carrollton/Farmers Branch Independent School District.

Figure 1

**Carrollton/Farmers Branch SAT Scores
Compared to Texas and U.S.**



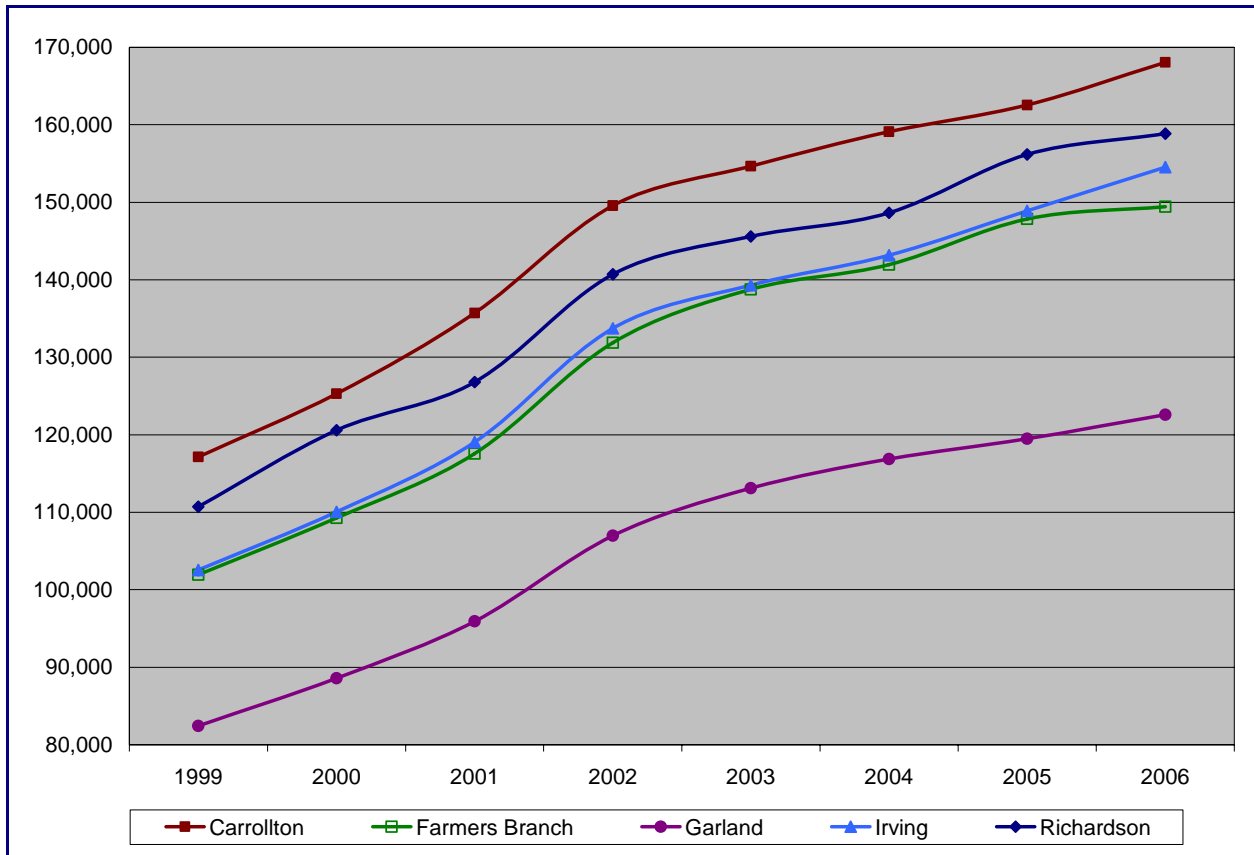
Source: Carrollton/Farmers Branch Independent School District.

B. Recent trends in property values

Contrary to the arguments of proponents of Ordinance 2903, property values have risen, not declined, in Farmers Branch. Neither has the change in the city's ethnic makeup had a negative effect on appreciation. According to the Dallas Central Appraisal District (DCAD), average home values in the city have increased steadily since 1999 (see Figure 2). What's more, the rate of increase has been comparable to that in other north Dallas suburbs such as Carrollton,

Garland, Irving and Richardson. Over the past decade, the average value of a Farmers Branch home has risen 63 percent to nearly \$150,000.

Figure 2
Average Home Values in Selected Dallas Suburbs
1999-2006



Source: Dallas Central Appraisal District.

Even though the city is physically built out and the population stable, over the past decade 104 permits have been issued in Farmers Branch for new home construction. In most cases, these permits involved tearing down old houses to build new, larger, and more expensive ones.

C. Crime rates in Farmers Branch

According to the Federal Bureau of Investigation (FBI), major crime in Farmers Branch has dropped dramatically over the past two years. Crime in five of seven major categories was down in 2005 from 2004, resulting in an overall decrease of 7.3 percent in the number of crimes. In addition, the number of crimes per 1,000 residents fell from 47.9 to 44.4 in the same period.

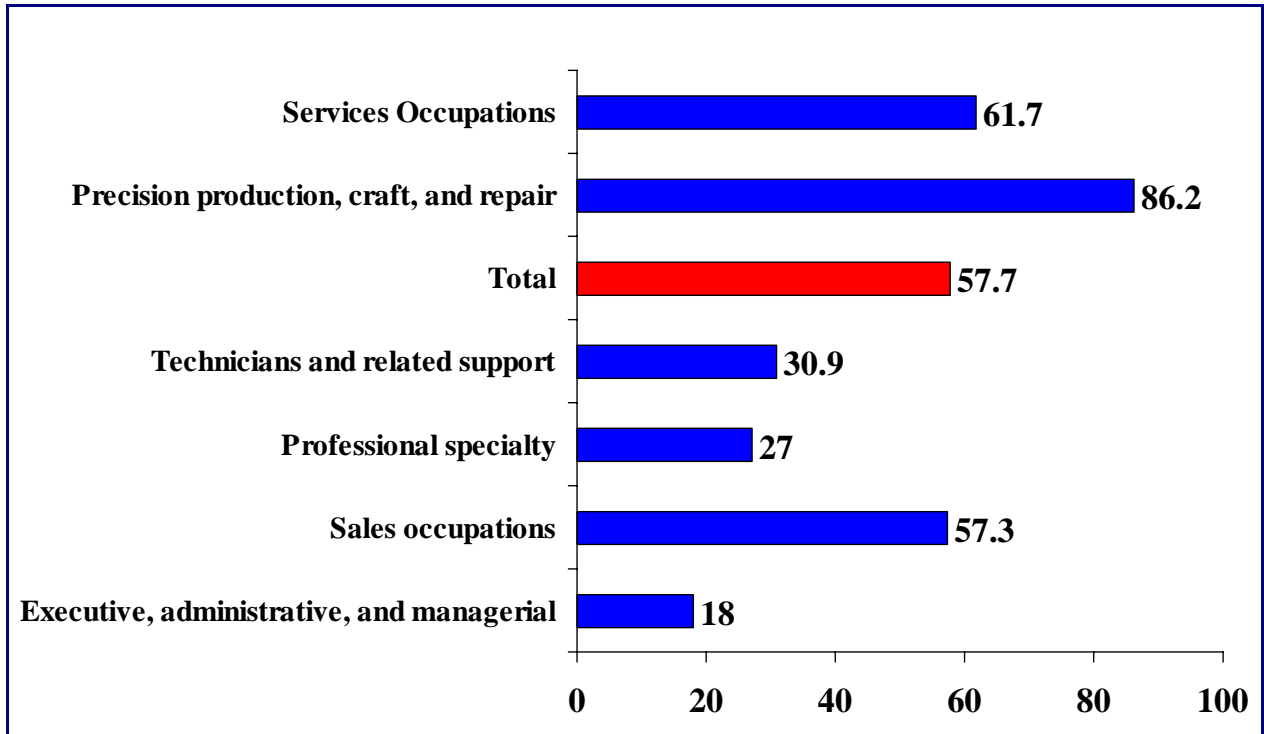
How immigrants help the local economy

As discussed above, the Dallas-Fort Worth region has recorded the fourth highest rate of job growth among the nation's major metropolitan areas since 1990. Farmers Branch has been one of the beneficiaries of that growth, with a tremendous pace of job creation over the past 15 years despite a lack of population gains in the city. According to the Farmers Branch Chamber of Commerce, more than 86,000 people currently work in the city, including the employees of 34 Fortune 500 companies. Put differently, there are about three jobs in Farmers Branch for every resident. Few cities in the Metroplex can boast a ratio of that magnitude.

Because of the rapid aging of America's native population, and the huge increase in the number of retirees in recent years, immigrant labor has become critical to the nation's, and the region's, economic health. A recent analysis by the U.S. Bureau of Labor Statistics found that between 40 and 60 percent of all the job growth in Texas between 1996 and 2003 could be attributed to foreign-born workers, a trend that has likely continued over the past four years (see Figure 3). What's more, foreign-born workers—both legal and undocumented—account for a huge share of the job growth in certain occupations including production and repair, business services, and sales (see Figure 4). These are important occupations for several key industries in Farmers Branch, in particular manufacturing, warehousing, logistics and construction.

Figure 4

Foreign-born Share of Job Growth, by Occupation



Source: Institute for Demographic and Socioeconomic Research at the University of Texas at San Antonio; U.S. Bureau of Labor Statistics, 1996-2002.

There is no evidence that the inflow of immigrants, including undocumented persons, to Texas, the Metroplex, or Farmers Branch has worsened employment opportunities for natives, depressed average wages, or boosted unemployment rates. In fact, unemployment rates for the state, region, and City of Farmers Branch have all declined over the past several years (see Figure 5). And according to a recent analysis by the Texas Office of the Comptroller, the labor and spending of undocumented immigrants is having a huge positive effect on the state's economy, adding nearly \$18 billion annually to gross state product.⁴

⁴ Office of the Comptroller, *Undocumented Immigrants in Texas: a Financial Analysis of the Impact to the State Budget and Economy*, December 2006.

Table 7

**State Costs, Revenues, and Economic Impact
to Texas of Undocumented Immigrants
Fiscal Year 2005
(in millions)**

Costs	
Education	-\$967.8
Healthcare	-\$58.0
Incarceration	-130.6*
Total	-1,156.4
Revenues	
State Revenue	\$999.0
School Property Tax	\$582.1
Total	\$1,581.1
Net Impact to State	\$424.7
Impact on the Economy	
Gross State Product	\$17,700.0

Source: Carole Keeton Strayhorn, Texas Comptroller of Public Accounts, "Special Report: Undocumented Immigrants in Texas," December 2006.

Potential impact Ordinance 2903 on the Farmers Branch business climate

Farmers Branch has enjoyed success in attracting businesses to the community. With prime frontage along Loop 635, the Dallas North Tollway, and I-35E, the city has leveraged its locational advantage to become home to about 2,500 companies, including 70 corporate headquarters including i2 Technologies, Dallas Semiconductor, Taco Bueno, and others. The increasing presence of immigrants in Farmers Branch has had no discernible impact on the city's economic development efforts in its growth corridors. What is more, businesses targeting the Hispanic community have helped stem the decline of some older city shopping areas, such as the Four Corners area at the intersection of Valley View and Josey Lane. Indeed, redevelopment ideas for the Four Corners shopping area call for physical renovations to reflect southwestern and Hispanic themes. The evidence does not support any claims that the presence of immigrants, of

any status, has harmed economic development efforts in Farmers Branch. However, adoption of Ordinance 2903 could have a deleterious effect on the city's ability to attract, develop, and retain businesses.

For example, Gerald Henigsmann, executive vice president of the Apartment Association of Greater Dallas, has stated that "The cost for apartments to comply with the ordinance, fewer apartment rentals, and the net effect of lower commercial tax revenues could be a devastating blow to the Farmers Branch economy. Along with unfairly penalizing apartment residents and holding them to a different standard, Ordinance 2903 will eventually cost the business community millions of dollars in lost economic gains."

Without question, the debate over Ordinance 2903 has thrust the City of Farmers Branch into the national spotlight. Not only has the controversy been widely covered in Texas newspapers and the broadcast media, articles and stories have also appeared in the *New York Times*, *Business and Legal Reports*, CNN, MSNBC, and Wikipedia. However, this coverage is not a plus for the city or for perceptions of its business climate.

Business attraction for any community is largely a matter of marketing. Can a local community highlight its strengths while minimizing local weaknesses? The message is "come to our city and improve your market access and/or lower your cost of doing business." As with any marketing campaign, perceptions can be just as important as reality. Perceptions of risk, from any source, can alter a businesses site location choice.

Simply put, national and global businesses tend to avoid communities where dissention is rife. For example, businesses shunned the City of San Antonio during the 1980s when a number of community-based organizations argued loudly that the city should reject any new enterprise that didn't pay at least triple the minimum wage. It wasn't until "peace" was restored in the

1990s that San Antonio began to attract significant new business investment. Similarly, Ordinance 2903 has increased local political strife and is likely affecting the choices of companies considering an investment in Farmers Branch. Moreover, the revelation by some Ordinance 2903 supporters that their next step would be to impose fines and sanctions on businesses who wittingly or unwittingly hire undocumented workers inherently makes Farmers Branch a risky place to do business.

Business retention is the second major component of local economic development strategy – basically keeping what you already have. Companies that rely heavily on the Hispanic community for employees, the hospitality trade for instance, may find themselves at a competitive disadvantage in recruiting and retaining employees in a city perceived to be unfriendly towards immigrant populations. In addition, if Farmers Branch were to engage in hiring oversight at the local level, companies would reasonably consider increased business risk along with the cost of becoming documentation experts versus the cost of relocating to a nearby community that is more business friendly. Given that Farmers Branch covers a relatively small area, a company could relocate to a neighboring city without a substantial impact on its effective trade area.

The third piece of the economic growth puzzle is business development, usually referring to small business start-ups and expansions. As noted earlier, small Hispanic-owned businesses have increasingly invested in Farmers Branch. Many of these entrepreneurs, who pay local sales and property taxes and employ Farmers Branch residents, look at Ordinance 2903 as an insult to their investments in the city. For these business owners, relocating to Carrollton, Lewisville, Dallas or another more welcoming community could be an attractive alternative to a Farmers Branch location.

City leaders should bear in mind that Farmers Branch is facing intensifying competition for economic development. The uncertainty and divisiveness created by the proposed Ordinance may already be having a chilling effect on the city's ability to attract new firms. In addition, passage of the Ordinance could further darken the outlook for business start-ups, expansions, and business retention in the city.

Passage of Ordinance 2903 could also detract from several positive new developments in the city. Farmers Branch is about to inaugurate citywide wireless service and virtually eliminate its debt. The mayors of Farmers Branch, Carrollton and Addison have pledged to coordinate and share resources, thereby eliminating duplicate services and saving taxpayers' money. DART's Green Line will soon pass through the city, with significant transit-oriented development planned at the Farmers Branch station. And the east-west Cotton Belt express rail service will eventually connect with the Green Line and link Farmers Branch to DFW Airport.

Finally, the possible expenditure of millions of dollars to defend the City of Farmers Branch against current and potential lawsuits will sap the public purse of much needed resources that could otherwise be devoted to improving the infrastructure or amenities of the community.

As discussed above, 86,000 people are employed in the City of Farmers Branch by companies large and small. Workers and residents have been attracted to the city by its excellent location and the quality of its amenities. The city is also known for its well-run municipal government and for the quality of its public schools. Unfortunately, the negative perceptions of Farmers Branch that would inevitably follow passage of Ordinance 2903 could undermine all these positive developments and hinder all three components of the city's economic development strategy with attendant economic and fiscal losses.

Conclusion

Contrary to the assertions of some proponents of Ordinance 2903, there is no evidence that immigration to Farmers Branch—legal or illegal—is eroding the quality of public education, diminishing property values, or increasing crime rates. Indeed, school test scores are improving, property values are rising, and crime rates are falling. However, the controversy over the ordinance has already cast Farmers Branch as “anti-immigrant” and may already be having a negative impact on the city’s business climate. What’s more, the financial costs of current and potential lawsuits against the city will reduce public resources that could be used to upgrade infrastructure or enhance the amenities that make the city attractive to residents and businesses.

The City of Farmers Branch does not exist in a vacuum. It is part of a huge metropolitan region with six million residents and tens of thousands of businesses. What’s more, Farmers Branch is competing with 153 other Metroplex municipalities, especially those in the fast-growing outer suburbs, for new business development. Put differently, a business considering a relocation, expansion or startup in the Dallas-Fort Worth region has dozens of options when choosing a site. Other communities in the area offer the same geographic advantages and amenities as Farmers Branch—without the community discord.

It is, in our view, imperative that voters reject Ordinance 2903 on May 12. Otherwise, Farmers Branch will be impaired in its ability to attract, develop and retain business which, in turn, will reduce the tax base and erode the city’s quality-of-life.